



Daily Report

East Asia

FBIS-EAS-96-015

Tuesday

23 January 1996

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Japan

Japan: 'Concrete Discussions' on U.S. Bases To Begin in Apr

OW2301023896 Tokyo KYODO in English
0202 GMT 23 Jan 96

[FBIS Transcribed Text] Tokyo, January 23 KYODO — Japan and the United States will begin concrete discussions in February on the issue of the huge U.S. military presence in Okinawa, and this will be reflected in a joint statement to be issued by leaders of the two nations in April, a senior Japanese defense official said Monday [22 January].

Naoaki Murata, vice minister at the Japanese Defense Agency, told reporters that his agency, the Okinawa prefectural government and the U.S. side will complete their own studies by the end of this month for presentation in February to a special action committee on adjustment, consolidation and reduction of U.S. bases in Okinawa.

The committee will then start discussing the studies, Murata said.

Washington and Tokyo established the committee last November to come up with concrete solutions within a year on the problem of U.S. military facilities in Okinawa.

Residents of the southern Japan prefecture are campaigning for removal or reduction of the bases, following the rape last September of a local schoolgirl. Three U.S. servicemen are now on trial in the rape case.

Murata said he agreed with senior U.S. defense officials Monday that the committee's discussions must be reflected in a joint statement planned by U.S. President Bill Clinton and Japanese Prime Minister Ryutaro Hashimoto to reaffirm the bilateral alliance during the president's rescheduled visit to Tokyo in April.

On Monday, Murata met separately with Undersecretary of Defense for Policy Walter Slocombe and Joint Chiefs of Staff Chairman Gen. John Shalikashvili.

Murata said he particularly agreed with Shalikashvili, who stressed the need to consider the feeling in Okinawa over its huge burden concerning the U.S. military presence.

Okinawa accounts for just 0.6 percent of Japan's land area but hosts about 75 percent of the total area of U.S. military facilities in Japan. Some 30,000 of the 47,000 U.S. troops in Japan are stationed there, with the bases taking up about 20 percent of the island.

Murata is on a 10-day trip to the U.S. and Europe that started Sunday.

Japan: Governor Ota Says Hashimoto To Continue Bases Policy

OW2301081696 Tokyo KYODO in English
0724 GMT 23 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 23 KYODO — Prime Minister Ryutaro Hashimoto promised Tuesday [23 January] to deal "sincerely" with requests from Okinawa to reduce the number of U.S. bases there, Okinawa Gov. Masahide Ota said following their first meeting since Hashimoto assumed the premiership 12 days ago.

"I met him today to find that he will pursue the policy of the former prime minister," Ota told reporters, saying some Okinawa residents are worried that their hopes for U.S. base cutbacks will be even harder to realize with the conservative Hashimoto as prime minister.

Hashimoto also told Ota during their 50-minute consultation at the Prime Minister's Official Residence that he wants to continue to hold such meetings, the Okinawa governor said.

Okinawa, the most southerly prefecture in Japan, will submit to the central government at a working-level meeting scheduled for Jan. 30 its proposal on the timetable of U.S. base reductions, he said.

At the meeting, Ota repeated his request to former Premier Tomiichi Murayama in November to cut the number of U.S. bases, review the 1960 Japan-U.S. Status of Forces Agreement, sign accords to reduce noise from U.S. military facilities, take measures to eradicate U.S. base-related crimes and accidents, and hold talks between Okinawa, the central government and the U.S. military, government officials said.

The Okinawa governor also reiterated requests on a Japan-U.S. joint statement on the bilateral security treaty when U.S. President Bill Clinton visits Japan in April — that the document mention base reduction, does not state any figure about the U.S. troops stationed in Japan and does not extend the bilateral security arrangements beyond the Far East, the officials said.

The prime minister said he would study each of these requests, Ota said.

Murayama sued Ota in December to gain cooperation with the government in forcing unwilling Okinawa landowners to renew contracts leasing their land to the U.S. military, but Hashimoto and Ota did not mention the issue during Tuesday's meeting, according to the officials.

Ota stepped up the base cutback demands after the rape of an Okinawa schoolgirl in September last year, for

which three U.S. servicemen from local bases are on trial.

Later Tuesday, Ota told a press conference that in a prefectural proposal on U.S. base reductions to be made on Jan. 30, "we will strongly state we cannot live with the bases for another 10 or 20 years."

Vice Gov. Masanori Yoshimoto suggested the proposal could include the speedy implementation of three issues agreed a year ago between Tokyo and Washington — the transfer of Naha military port and Yomitan marine auxiliary airfield to other parts of Okinawa and the transfer of the site for shelling exercises to another part of Japan, with the closure of prefectural highway 104.

Some measures regarding Futenma Marine airfield could also be included.

Japan: DA Chief on U.S. Base Relocation, PRC Moves

OW2201025196 Tokyo NIHON KEIZAI SHIMBUN in Japanese 21 Jan 96 p 2

[From NIHON KEIZAI SHIMBUN 21 Jan Morning Edition]

[FBIS Translated Text] Defense Agency [DA] Director General Hideo Usui in an interview with NIHON KEIZAI SHIMBUN referred to the possible relocation of a training area for live-fire exercise, which is currently conducted over the Okinawa Prefectural Highway 194, and said "I would like to make efforts to reach a conclusion somehow by around June this year," thus indicating his intention to decide on a relocation area, hopefully by summer.

On antirelocation movements by some areas that are listed as candidates for the relocation, Director General Usui said "if people at large understand the pain of the Okinawan people, who have gone through hardship to protect the safety of Japan for the fifty years since the war, it would greatly help in finding substitute locations." In this way, he appealed for the cooperation of people concerned in relocating the training area somewhere in the mainland.

Commenting on China's increasing military pressure — such as missile test firing — upon Taiwan, the DA chief pointed out "it is (political) saber rattling," thus indicating his view that the possibility of an armed conflict between China and Taiwan is slim at present.

With regard to the Chinese military's moves, he said "they are rapidly improving the quality of the military by laying out a considerable budget." He then stressed a plan to gather information on its actions as well as on actions of North Korea — which is having a serious

food crisis — in close cooperation with the United States.

Director General Usui also indicated his stand of positively studying possible visit to Russia as part of promoting a security dialogue with neighboring nations and bringing about a Japan-U.S. defense meeting with State Secretary Perry at an early date.

Tokyo Hopes U.S. To Soften Policy on Chips, Film

OW2301092196 Tokyo KYODO in English 0838 GMT 23 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 23 KYODO — Japan hopes the United States will soften its stance over access to the Japanese computer chip and photographic film markets, a high-ranking Foreign Ministry official said Tuesday [23 January].

"We would like the United States to drop its demands," the official, who declined to be named, said in reference to the renewed U.S. call for progress in bilateral trade talks over the semiconductor and film sectors.

"Should we renew the semiconductor accord in compliance with the U.S. request, the European Union could take it to the World Trade Organization (WTO)," the official said of the 1991 bilateral chip agreement, due to expire in July this year.

While the U.S. is anxious to renew the accord to keep Japan committed to at least a 20 percent market share for foreign chip manufacturers, Japan opposes the idea of maintaining a specific market share target.

The official also complained the photo film issue is a matter to be resolved purely between Eastman Kodak Co. of the U.S. and Fuji Photo Film Co. of Japan, adding the governments of both countries should not intervene.

Eastman Kodak says its Japanese rival has engaged in anticompetitive business practices in Japan, an allegation Fuji has denied.

If Washington takes retaliatory action under Section 301 of its 1974 trade law, Tokyo will immediately refer the action to the WTO, the official said.

Japan: Article Views Creation of New USTR Office

OW2201055196 Tokyo EKONOMISUTO in Japanese 23 Jan 96 P 24

[Article by Toshiro Hara of MAINICHI SHIMBUN's Washington Bureau: "Is the United States 'Adopting a Tough Japan Policy' To Divert Criticism in the Presidential Election?"]

[FBIS Translated Text] Although recent economy-related topics in the United States were dominated

by domestic news that resembled presidential election campaigning — such as discussion on the balanced budget, subsequent closure of the Federal government agencies, and so on — the Clinton administration seems to be proceeding steadily with strengthening its Japan policy in the trade and monetary fields.

In his 5 January speech in Washington, U.S. Trade Representative [TR] Mickey Kantor announced the setting up of a new "monitoring and enforcement" bureau in the USTR Office. Representative Kantor explained the new bureau is designed to check precisely on how trade agreements are enforced by foreign countries with which the United States has concluded pacts. If it is found that the agreements are not being abided by, investigation and application of sanctions in accordance with the U.S. New Omnibus Trade Act may ensue, making the new organization an actual setup "to monitor enforcement."

Of course, the European Union [EU] and Asian countries other than Japan are also subject to monitoring. Another major objective of the new organization is to promote the effectiveness of the U.S.-Japan Framework Talks on bilateral trade, including the U.S.-Japan agreement on automobiles concluded last year, and the like. The new organization is also expected to be fully cognizant of such issues as the ongoing color films investigation, and the U.S.-Japan agreement on semiconductors whose review deadline is approaching this July.

In the monetary field, meanwhile, the U.S. Congress has been active in initiating moves to step up controls, including reviews of inspection systems on foreign banks, on the heels of the scandal involving Daiwa Bank's New York City office that illicitly sold some U.S. Treasury securities. The United States is very apprehensive about the Japanese monetary system, especially because Japan has a problem of solving bad loans held by *jusen* (housing loan companies).

At first, the U.S. monetary authorities — including the Treasury Department and the Federal Reserve Board — displayed a comparatively magnanimous attitude toward the Daiwa Bank scandal as "a problem of an individual bank," although it was under the guidance of Japan's Finance Ministry, in consideration of the fact that Japanese institutional investors were "good clients" in the purchase of U.S. Treasury bonds. A U.S. monetary source, however, explained: "A tough attitude against Japan was inevitable because the U.S. Congress had begun moves to call on U.S. monetary authorities to account for responsibility of the inspection." He added, "Were it not for the presidential election, the Daiwa Bank's case could have been dealt with in a more lenient manner."

A total of three hearings by both the House and the Senate were held last year on Japanese monetary problems. According to an official at the congressional secretariat, "The House of Representatives is scheduled to hold a public hearing around February this year in connection with the foreign banks' inspection system, and there is a move to have a hearing on the *jusen* problem, too."

As early as the beginning of this year THE NEW YORK TIMES reported that "the administration is going to consolidate its policy on Japan in cognizance of the upcoming presidential election this year." Although President Clinton is in a favorable position in his confrontation with the Republican Party concerning the fiscal balancing program, the people are expected to direct their attack at the economic policy of the incumbent regime if and when the slowdown of the U.S. economy becomes apparent. Then, it is fully conceivable that such popular criticism might be diverted by taking a resolute attitude toward Japan. In other words, Japan's trade and monetary problems are being reserved as possible political issues.

Tokyo Recognizes Bosnia-Herzegovina

OW2301121996 Tokyo KYODO in English
0957 GMT 23 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 23 KYODO — Japan on Tuesday [23 January] extended recognition to Bosnia-Herzegovina to set the stage for providing full-scale economic assistance to the war-devastated Balkan country.

The cabinet of Prime Minister Ryutaro Hashimoto approved the decision in a meeting.

"Now that we have recognized Bosnia-Herzegovina, we will immediately begin necessary procedures to exchange notes on the establishment of diplomatic relations," Foreign Ministry spokesman Hiroshi Hashimoto told a news conference.

Hashimoto said Tokyo will send a fact-finding mission to Bosnia-Herzegovina in mid-February in preparation for its contribution to reconstruction of the newly recognized country.

Some 100 countries have already recognized Bosnia-Herzegovina, which in October 1991 declared independence from Yugoslavia.

The World Bank estimates that about \$4.9 billion will be needed over three years to resurrect the war-ravaged country and its recognition as a state was required for Japan to extend official development assistance.

In December, Balkan leaders signed a treaty in Paris to end a three-and-a-half year war in Bosnia, which has left 200,000 people dead or missing and more than two million displaced.

Japan: Officials Leave for Bosnia To Survey Damages

OW2201050296 Tokyo ASAHI SHIMBUN
in Japanese 20 Jan 96 Morning Edition p 2

[FBIS Translated Text] As part of the project to help reconstruction in Bosnia and Herzegovina, the Foreign Ministry has sent officials in charge to survey actual damages. This is also aimed at making preparations for the international conference to be held in Brussels in March, which will discuss aid and other related matters. It is also expected that this issue will be discussed at the Conference of Finance Ministers and Governors of Central Banks from the Group of Seven [G7] to be held in Paris on 20 January.

Japan: Pakistani Denies 'Favorites' in Afghan War

BK1901134696 Islamabad PTV Television Network
in English 1300 GMT 19 Jan 96

[FBIS Transcribed Text] Foreign Minister Sardar Asif Ahmad Ali said in Tokyo today that Pakistan has no favorites in Afghanistan and its efforts were focussed on ending the tragic civil war.

Speaking at the Japan Institute of International Affairs, he said we want a sovereign and independent Afghanistan engaged in promoting the well being of its people. The foreign minister said however the core problem and the main threat to stability in the South Asian region is Kashmir and therein lies the key to unlock the region's security problem. This unfinished agenda of partition cannot be disregarded any longer.

Tokyo Approves Brussels-Kansai Air Flight Service

OW1901141696 Tokyo KYODO in English
1345 GMT 19 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 19 KYODO — Japan agreed Friday [19 January] to allow Sabena Belgian Airlines to inaugurate flight service between Brussels and Kansai International Airport near Osaka, the Transport Ministry said.

Sabena currently operates flight service between the Belgian capital and new Tokyo international airport at Narita, Chiba Prefecture.

The agreement was reached in bilateral civil aviation talks in Tokyo.

Under the agreement, Belgium will permit Japanese airlines to inaugurate service between the two countries

by way of Frankfurt, Germany, the ministry said. Both countries will have the right to operate three flights a week, it added.

No Japanese airline currently serve on the Japan-Belgium route. There are no immediate plans for Japanese airlines to begin services.

The right given to Japan is, therefore, reserved for the future, the ministry said.

Japan: Detained Military Attache Returns Home

OW1901140096 Tokyo KYODO in English
1341 GMT 19 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 19 KYODO — A military attache with the Japanese Embassy in Beijing returned home Friday [19 January] following China's demand that he be recalled for allegedly spying on a trip to southern China.

Col. Kenji Maetani of the Air Self-Defense Force had been detained by Chinese authorities along with U.S. Air Force Lt. Col. Bradley Gerdes for allegedly trespassing into restricted military zones in the southern provinces of Hainan and Guangdong and taking photographs.

China had asked the governments of Japan and the United States to call back their attaches by Friday.

Naoaki Murata, vice minister at the Defense Agency, said Thursday that Maetani acknowledged he entered restricted areas and that he should have paid much more attention to where he was going.

Maetani and Gerdes were detained by Chinese authorities Jan. 11 for entering a restricted military zone near an airfield in Suixi in Guangdong Province, but were released the following day after lengthy interrogations about their activities.

Japan: Foreign Ministry on Attache, ROK Talks

OW2301054296 (Internet) Japan Ministry of Foreign Affairs WWW in English 19 Jan 96 (Tentative)

[News conference by acting Japanese Foreign Ministry spokesman Ken Shimanouchi with unidentified reporters on 19 January; place not given; from the "Foreign Policies, Press Conference" link]

[FBIS Transcribed Text] [Topics of Discussion]

I. Release of Japanese defense attache by People's Republic of China

II. Japan-United States-Republic of Korea joint consultations

III. Recent activities in the Republic of Chechnya

IV. Alleged denial of nursery school admission for children of United States servicemen

V. Visit to Japan by Prime Minister Benazir Bhutto of the Islamic Republic of Pakistan

I. Release of Japanese Defense Attache by People's Republic of China

Acting Foreign Ministry Spokesman Ken Shimanouchi: Good afternoon, ladies and gentlemen. I do not have any announcements to make this afternoon. I would be very glad to answer any questions you may have this afternoon.

Q: Could you apprise us on the case of Col. Maetani?

A: This has been in the papers for about two days now and I think you have read all these news reports. Col. Kenji Maetani was traveling with his colleague, Air Force Lt. Col. Bradley Jerdes from the American Embassy when, on 11 January he inadvertently entered a restricted zone — a military off-limits area — in Guangdong Province, People's Republic of China. He was detained and interrogated by the People's Republic of China authorities. He was released on the evening of 12 January after Minister Koreshige Anami of the Japanese Embassy in Beijing went to Guangdong Province and confirmed who Col. Maetani was — that he was the defense attache of the Defense Agency in Beijing. It is a fact that Col. Maetani did enter a restricted area. This itself is regrettable and we have conveyed this position of ours to the People's Republic of China authorities. But, we have also lodged a protest with the People's Republic of China Ministry of Foreign Affairs regarding his detention and interrogation. We consider this to be a violation of Article 29 of the Vienna Convention on Diplomatic Relations.

Q: Is he coming back to Japan today?

A: Yes, I can confirm that his date of return to Japan is 19 January today.

Q: Do you have any idea what Col. Maetani was doing, specifically — and what, specifically, is operating at that military facility? Do you have any information on that?

A: You have to ask the People's Republic of China side about the military facility in their country. With regard to Col. Maetani's activities, this was a part of his routine activities as a member of the Japanese Embassy in the People's Republic of China — in Beijing. As you know, getting acquainted with a country and getting a good grasp of what is going on in the country for a diplomat is a very important part of his duties.

Q: Has the Ministry for Foreign Affairs or the Defense Agency decided upon his successor in the People's Republic of China?

A: No, I am not aware of any decision.

II. Japan-United States-Republic of Korea Joint Consultations

Q: Later this month in Hawaii, the United States, Japan and Republic of Korea are going to hold a deputy-minister level consultation on the Korean Peninsula. Could you give us, for example, when it is going to be held and who will represent Japan?

A: When the foreign ministers of the three countries met in Osaka, taking advantage of the APEC Meeting, they agreed to hold a meeting to discuss the situation in Northeast Asia at the sub-cabinet level, and they agreed that this meeting should take place some time in January. It has been agreed that this meeting will take place on 24-25 January in Honolulu, Hawaii.

Q: Could you elaborate a bit on what you just said — the Northeast Asia situation — the subject of these consultations about the Northeast Asia situation?

A: Of course this includes the situation on the Korean Peninsula, particularly North Korea. In Osaka the three foreign ministers agreed that they should coordinate very closely their positions — their policies — on North Korea. That, of course, will be a very important subject.

Q: Another question is, obviously, these consultations will be largely in the character of swapping information. Is there any chance that the three countries will agree on some specific coordinated action?

A: I think the purpose of this meeting is to compare notes and to coordinate policies. I am not aware of any specific items on the agenda of the upcoming meeting.

Q: Maybe you can give us some personal observation of yours. For example, this Korean Energy Development Organization (KEDO). There appears to be some minor rifts between the three major partners. For example, who will pay for the fuel oil to be supplied to North Korea this year; or what the European Union can do as a smaller partner of the KEDO? Could you tell us your observations on this? For example, are these things subject to discussion?

A: You mean in Honolulu?

Q: Yes.

A: We have the KEDO to discuss this matter — the issues relating to North Korea's nuclear development program. There is a separate forum for that. This is my own guess, but I doubt very much that this will be discussed in Honolulu. I am not aware of any discrepancies or differences among the three key members of the KEDO on the matter that you mentioned. It is true

that the question of obtaining financing for the provision of heavy oil is one of the subjects being discussed, but this is a subject that the three countries are consulting on very closely. They have been making joint efforts to get other countries on board to make financial contributions to this effort.

III. Recent Activities in the Republic of Chechnya

Q: Would you say a few words about the position of the Minister for Foreign Affairs about the situation around Chechnya?

A: Yes, we are aware of the announcement made yesterday by President Yeltsin of the Russian Federation regarding the completion of the operation in Pervomayskaya. We have been following with deep concern the situation there. We regret very much that this hostage-taking situation occurred and that people lost their lives and that people were injured as a result of the fighting. I would like to emphasize that Japan is strongly — firmly — opposed to all acts of terrorism. Also, I think you are well aware of our position regarding the Chechnya situation, but let me repeat this. Japan believes the Chechnya situation is at the root of all these problems. We have repeatedly called for the peaceful settlement of the Chechnya situation. We would like to emphasize once again our strong hope that the conflict concerning Chechnya be settled as soon as possible and that the safety of its citizens be ensured and that order be restored peacefully as soon as possible.

IV. Alleged Denial of Nursery School Admission for Children of United States Servicemen

Q: Does the Ministry for Foreign Affairs have anything to say about this report in Yamaguchi that children of United States servicemen will not be allowed to attend nursery schools?

A: I have not read that news report.

Q: It creates the impression that there is sort of a racial bias against the children of United States servicemen. It involves 16 schools. It says they cannot accept children of United States servicemen because the schools are too full — there isn't room. But, there are only three children of servicemen in schools. It just seems absurd on the face of it.

A: I cannot answer that question because A: I have not read that news report; and B: I do not have the facts. But, I know many examples where the children of foreign nationals are admitted to public schools in Japan. There are numerous examples of that.

Q: Including my daughter. I have never run into anything like this personally. I'm sure the story will

be perking around for a few days, so maybe you will have a chance to check it out.

A: I will check on that.

Q: I have never run into anything like this myself. It just strikes me as odd.

A: I am sure that cases like these are not widespread.

V. Visit to Japan by Prime Minister Benazir Bhutto of the Islamic Republic of Pakistan

Q: Could you inform us of your general impression and the specific contents of the talks between the Prime Minister and Minister for Foreign Affairs of Japan and the Prime Minister of the Islamic Republic of Pakistan? Particularly in terms of nuclear non-proliferation.

A: As you know, on 17 January, the day Prime Minister Benazir Bhutto arrived, Minister for Foreign Affairs Yukihiko Ikeda paid a courtesy call. This was in the afternoon of 17 January. Prime Minister Bhutto referred to news reports about the Republic of India's plans for a nuclear test. She said that this was a very serious source of concern for the Islamic Republic of Pakistan. She said efforts should be made to promote a non-nuclear area in South Asia. Foreign Minister Ikeda urged the Islamic Republic of Pakistan to join the Non-Proliferation Treaty (NPT) and to cooperate with Japan with regard to the Comprehensive Test Ban Treaty (CTBT) negotiations. Prime Minister Bhutto said that in view of the Islamic Republic of Pakistan's experience — the three wars that it had with the Republic of India in the past, that from a security standpoint, the Islamic Republic of Pakistan could not act unilaterally on this, but that the Islamic Republic of Pakistan was prepared to join the NPT simultaneously with the Republic of India. She said that she was prepared to do so tomorrow if needed. In her meeting with the Prime Minister yesterday, they did not go into detail on non-proliferation issues as the issues had been discussed with the Minister for Foreign Affairs. However, Prime Minister Hashimoto also called for accession by both the Republic of India and the Islamic Republic of Pakistan to the NPT. He also sought continued cooperation by the Islamic Republic of Pakistan for an early conclusion of a Comprehensive Test Ban Treaty. He also said Japan would like to cooperate with the Islamic Republic of Pakistan for the early initiation of the cutoff treaty — the treaty on the cutoff of fissile material. Just for your information, in the Summit Meeting between Prime Minister Hashimoto and Prime Minister Bhutto, Kashmir, Afghanistan, UN reform, and bilateral cooperation were also discussed.

Q: About Prime Minister Bhutto's visit focusing mainly on NPT issues. I would like to hear about the other topic issues discussed at the Summit Meeting.

A: On Kashmir, Prime Minister Hashimoto told Prime Minister Bhutto that the peaceful settlement of this issue with the Republic of India through dialogue is important — he asked her to promote dialogue with the Republic of India side. In response, Prime Minister Bhutto said that the Kashmir issue was at the core of the Islamic Republic of Pakistan's bilateral relations with the Republic of India, and although the Islamic Republic of Pakistan was making serious efforts to settle the Kashmir issue, the Republic of India has not responded to such efforts — and that the Republic of India has refused to put Kashmir on the negotiating table. She said that if the Islamic Republic of Pakistan's friends, such as Japan, the United States, and other G-7 countries were to take up a mediating role to solve this problem that Pakistan would welcome this. On Afghanistan, Prime Minister Hashimoto said that this issue had a major bearing on regional stability, and that it had to be settled in a way that would not prolong or enlarge the conflict. He also said that interference from outside must be terminated and that the peace efforts by the UN must be supported. Prime Minister Bhutto said that she fully agreed with this, but as a neighboring country, the Islamic Republic of Pakistan found itself in a dilemma. That is to say that if the Islamic Republic of Pakistan stopped involvement in Afghanistan, other countries in the region might take advantage of this and intervene in the situation. On UN reform, particularly the restructuring of the Security Council, Prime Minister Hashimoto explained Japan's general position on these issues. Prime Minister Bhutto said that the Islamic Republic of Pakistan had no problem with Japan becoming a permanent member of the Security Council. She also said that it was necessary to establish clear criteria in order to ensure a fair process for the reform and enlargement of the Security Council. She also said the Islamic Republic of Pakistan had problems with the sharp increase in the permanent membership of the Security Council. Prime Minister Hashimoto referred to the election for non-permanent seats to be held this year. Prime Minister Bhutto said that the Islamic Republic of Pakistan would support Japan — they had no problem with that. On bilateral issues — first of all, investment, Prime Minister Hashimoto told Prime Minister Bhutto that Japanese companies were hoping for an improvement in the investment environment in the Islamic Republic of Pakistan, namely the public safety aspect, the infrastructure, and the continuity of policies. Prime Minister Bhutto said that she would take note of this. On economic cooperation, as you know,

there was an exchange of notes between the two prime ministers, concerning the extension of a 20 billion yen loan for the construction of a hydroelectric plant. The Prime Minister referred to the signing of the notes, and he also pledged 59.65 billion yen for the 31st yen loan package for the Islamic Republic of Pakistan. That is the package for the next fiscal year, and it covers four projects. I can give you the names of the projects later on if you so wish. Prime Minister Bhutto expressed her appreciation for Japan's assistance. Thank you very much.

Tokyo: PRC Likely To Increase Activity in Japanese Waters

OW0801011696 Tokyo YOMIURI SHIMBUN
in Japanese 4 Jan 96 Morning Edition p 3

[Report by Hiroyuki Sugiyama]

[FBIS Translated Text] Beijing, 3 Jan — Chinese ships, including oil survey vessels, are conducting research in an area of the East China Sea across the "center line" between Japan and China. While China's activity in the region is becoming a new political issue, a Chinese source disclosed on 3 January that this was an act of reprisal after Japan froze grant-in-aid to China to protest the country's nuclear testing.

It shows that China is using the marine issue as a means of dealing with Japan within the framework of comprehensive Japan-China relations. The issue may become a focal point of discussions between the two countries.

Japan drew the "center line" to clarify each country's economic zone after both countries jointly ratified the UN Convention on Law of the Sea. China claims jurisdiction over the entire continental shelf, which ends at the Okinawa Trench and does not recognize the center line.

China carried out an underground nuclear test on 15 May 1995. At that time, a dispute was growing in Japan as to whether the government should protest China's nuclear testing, so the government decided to freeze monetary grants to China. Coincidentally, China dispatched survey vessels to the area last May and June. Early last month, a Chinese drilling ship was spotted anchored in the area.

The Chinese National Offshore Oil Corporation is in charge of developing offshore Chinese oil fields. However, according to the source, officials of the Chinese Communist Party and government have the right to launch marine oil exploration projects in sea areas where friction with Japan could arise. In other

words, China's activity in the region is a highly political move aimed at testing Japan.

It seems certain that China will continue nuclear testing this year, too. Depending on Japan's response, China may increase its activities, including oil surveys, in the area.

Japan: Ikeda, ROK Ambassador Reaffirm Need for Ties

*OW1601105896 Tokyo KYODO in English
1017 GMT 16 Jan 96*

[FBIS Transcribed Text] Tokyo, Jan. 16 KYODO — Foreign Minister Yukihiko Ikeda and South Korean Ambassador to Japan Kim Dae-zhee [name as received] reaffirmed the need Tuesday [16 January] for their two countries to forge "future-oriented" bilateral relations while facing up to their past.

The two talked for 15 minutes when Kim called on the newly appointed foreign minister at his office, a Foreign Ministry official told reporters.

While citing the need for Japan to normalize relations with North Korea, Ikeda also gave the assurances that Tokyo will keep in close touch with Seoul on policy toward Pyongyang, the official said.

During the talk, Kim urged the foreign minister to visit South Korea, and Ikeda replied he wants to do so at the earliest possible date but stopped short of saying when.

Japan: Foreign Minister Ikeda Addresses Diet

*OW2201132396 Tokyo NHK General Television
Network in Japanese 0709 GMT 22 Jan 96*

[Speech by Foreign Minister Yukihiko Ikeda to the 136th session of the Diet — live]

[FBIS Translated Text] As I have recently been appointed Minister for Foreign Affairs of Japan, I am bracing myself for the vital task of taking the helm of Japan's foreign policy at this important time. I intend to devote my utmost efforts to securing continuity in Japan's foreign policy, and as one member of the Hashimoto cabinet to building a creative foreign policy and further, to developing the many achievements in Japan's foreign policy realized under the leadership of Prime Minister Murayama.

The international situation remains fluid, and although the direction of that flow is as yet unclear, now that several years have passed since the end of the Cold War, the efforts of the international community are slowly but clearly bearing fruit. We have observed notable progress toward the solution of the regional conflicts in the former Yugoslavia and the Middle East. In the

Asia-Pacific region, too, there is apparent movement toward a solution of the nuclear issue in North Korea. The agenda for the international community is to direct such desirable moves into a steady stream and solidify the new framework of the post-Cold War era.

In considering a path for Japan's foreign policy under the current international situation, I would once again like to stress in the first place that in today's increasingly interdependent world, the security and prosperity of Japan are only possible by establishing the peace and prosperity of the international community. Furthermore, we must recognize that Japan's actions have great influence on the peace and stability of the world. Reflecting on these points, I am determined to exert my utmost energies so that Japan can fulfill a creative role in creating a new international order.

Next, I will outline certain important policy issues and the approach that Japan will take in creating a new international order.

In order to secure the peace and stability of the international community, it is important to strive to resolve regional conflicts and to prevent the outbreak of regional conflict in areas where a high potential for such conflict exists. Some of these conflicts are taking place in regions which are geographically distant from Japan, but they represent a global issue which has an impact on the creation of a framework for the entire international society, and Japan must be actively involved in their resolution and must provide appropriate cooperation. From that perspective, Japan intends to cooperate in the efforts to consolidate the movement toward peace in the former Yugoslavia and the Middle East.

As for the conflicts in the former Yugoslavia, at the December 1995 London Peace Implementation Conference, Japan strongly urged the parties to sincerely implement the peace agreement and expressed its intent to extend cooperation for the peace implementation, beginning with the provision of humanitarian assistance amounting to approximately \$20 million. As a member of the Peace Implementation Council Steering Board, Japan will continue to participate positively in the efforts of the international community, and from the perspective of preventive diplomacy, Japan intends to continue to provide assistance to the neighboring countries, as well.

In the Middle East, despite the tragic assassination of Prime Minister Yitzhaq Rabin, efforts continue based on the firm resolution of the parties concerned to achieve peace, and it is therefore essential that the international community continue to provide assistance for the Palestinian Interim Self-Government Authority, including participation in the international election monitors

observing the elections for the Palestinian Council, as well as the provision of the goods and materials needed for the elections. In addition, Japan will dispatch a contingent of Self-Defense Forces and other personnel to the United Nations Disengagement Observer Force (UNDOF) in the Golan Heights.

Japan, for the resolution of regional conflicts, intends to continue to actively contribute to the activities of the United Nations, including peacekeeping operations, in the areas of personnel and financial contributions in addition to diplomatic efforts and cooperation for humanitarian and development assistance.

The second important task which we must address involves the disarmament and nonproliferation of nuclear weapons and other weapons of mass destruction, as well as the restriction of transfers of conventional weapons. At last year's session of the United Nations General Assembly, Japan was one of the cosponsors of 15 draft resolutions concerning disarmament. In particular, Japan displayed positive initiative by taking a leadership role in drafting four of these resolutions.

With regard to nuclear disarmament, following the decision of May 1995 on the indefinite extension of the nuclear Nonproliferation Treaty (NPT), Japan, as the only country ever to have experienced nuclear devastation, appealed to all nuclear weapon states to take a sincere approach to nuclear disarmament toward the ultimate elimination of all nuclear weapons. At the United Nations General Assembly, the Resolution on Nuclear Disarmament with a View to the Ultimate Elimination of Nuclear Weapons and the Resolution Calling for the Immediate Cessation of Nuclear Testing, both cosponsored by Japan, were adopted with the approval of many member states. These achievements are but one example of Japan's diplomatic efforts.

Japan will continue to strongly urge all countries to take the will of the international community, which is clearly stated in the said resolution on nuclear testing, and not to conduct any nuclear testing. Japan will also do its utmost to achieve the practical conclusion of the negotiations on a comprehensive test ban treaty (CTBT) this spring and the signing of that treaty this fall.

As for conventional weapons, the Resolution on Small Arms, which was also cosponsored by Japan, was adopted at the United Nations General Assembly, and as a result, it was decided that the report by governmental experts on the prevention of excessive accumulation and transfer of small arms would be submitted to the 52d session of the general assembly. Furthermore, in December 1995, it was agreed to establish a new multilateral export control regime on conventional arms and related dual-use items and technologies. Japan will

continue to take a positive approach in order to prevent the excessive transfer and accumulation of conventional arms.

Thirdly, Japan must play a major role in securing the sustainable development of the world economy. With the deepening of interdependence in the economy, the direction and policies of Japan's economy are strongly linked to the economies of all countries. Given this situation, Japan, in order to contribute to the stable management of the world economy, must strive to revitalize its own economy through measures including drastic deregulation, as it continues to aim for the realization of an economic society that is in harmony with the international community.

In order to secure sustainable development for the world economy, Japan also intends to make even further efforts to strengthen the multilateral free trading system, in light of the establishment of the World Trade Organization (WTO). Toward the first WTO ministerial conference, to be held in Singapore in December 1996, Japan intends to play a positive role in making substantial achievements in such areas as ensuring the steady implementation of the Uruguay Round agreements, securing the successful conclusion of the ongoing negotiations in the services sector by their deadlines, addressing the so-called "post-Uruguay Round new issues" and strengthening the dispute settlement mechanism. Furthermore, negotiations on the Multilateral Agreement on Investment in the Organization for Economic Cooperation and Development (OECD) began in autumn 1995, and Japan intends to take a positive approach toward ensuring their success.

Fourth is an approach to development issues. Many developing countries, beginning with those in Africa, continue to suffer poverty and famine, and many countries of the Asia-Pacific and central and South America are also facing new issues in the process of economic growth. Moreover, the countries of the former Soviet Union and central and eastern Europe are facing various difficulties in the transition to a market economy. In order to achieve stability in the international order, it is imperative that in responding to the respective situations facing each of these countries, we promote economic and social development, cooperate in the creation of democratic systems and thus bring them into the international community. At the same time, in many donor countries, we see evidence of "donor fatigue." In light of this situation, Japan has emphasized the need to formulate a new, long-term development strategy and has proclaimed its position that it will actively contribute to the discussions taking place in the United Nations on an "Agenda for Development." Japan intends to continue to make efforts to effectively and efficiently imple-

ment and expand official development assistance (ODA) based on its ODA Charter. At the same time, Japan will encourage discussion with a view to an early drafting of a development strategy through positive intellectual contributions to it.

Fifth are issues of a global scale on which the international community must take a unified approach, including environment, population, human rights, refugees, illicit narcotics and terrorism. Responding to such global issues constitutes one of the most important pillars of Japan's international contributions. Japan intends to continue to make use of its knowledge and experiences as it cooperates with the international community to seek a solution to these important issues. In December 1995, Japan submitted to the United Nations General Assembly a draft resolution on the issue of eliminating violence against women, which was a matter of great concern to the many countries represented at the Fourth World Conference on Women in Beijing. This draft resolution was adopted by consensus.

Japan, as a maritime nation, is expected to make an active contribution to the establishment of a new legal regime for the seas and oceans. The United Nations Convention on the Law of the Sea provides the comprehensive legal order for the seas and oceans, and the Government of Japan intends to move ahead toward the early conclusion of that convention and is advancing preparations for its submission to the current session of the Diet.

Enhancing international cooperation is imperative to ensure the success of any approach to these challenges that we face. In the endeavor, it is crucial that we strengthen bilateral relations of cooperation, cooperation in the Asia-Pacific region and global cooperation centering on the United Nations and the WTO, and that we develop all cooperation in these three concentric spheres in a mutually related manner.

The foundation of Japan's foreign policy consists of creating friendly bilateral relations with all nations. This is also an essential component of advancing global cooperation and regional cooperation.

Among Japan's bilateral relations, the Japan-U.S. relationship continues to be the cornerstone of Japan's foreign policy. We must continue the ongoing task of strengthening the cooperative relations which exist across a broad spectrum of Japan-U.S. relations. In particular, the Japan-U.S. Security Arrangements, one of the primary pillars of Japan's security policies, provide the political foundation for the cooperative relations between Japan and the United States, and are important for maintaining the peace and prosperity of the Asia-Pacific region. It is precisely for that reason that

Japan firmly maintains the Japan-U.S. security arrangements and continues to make efforts to see that they are smoothly and effectively operated. At the same time there are various issues which arise from the fact that American military facilities and areas are concentrated Okinawa Prefecture. While giving thought to the hardships that have thus far been borne by the people of Okinawa, I intend to every degree possible to consider the feelings of the people concerned. For that reason, I intend to ensure, in cooperation with the United States, that the Special Action Committee on Facilities and Areas in Okinawa (SACO), established in November 1995, achieves tangible and concrete results in issues of realignment, consolidation and reduction of the facilities and areas as well as other related issues within one year, while maintaining harmony with the necessity of achieving the objectives of the Japan-U.S. Security Treaty. As for Japan-U.S. economic relations, it is most important that both Japan and the United States steadily implement the measures decided under the Japan-U.S. framework talks. At the same time, I believe that we must further advance Japan-U.S. cooperation by striving to expand and deepen the common agenda, under which framework Japan and the United States are taking a common approach to tackle issues of a global scale. President Clinton is scheduled to visit Japan in April of this year, and Japan views the opportunity which the President's visit will afford us as an important chance to reconfirm the significance of the Japan-U.S. relationship in this new age and to make a comprehensive survey of the broad-based cooperation which our two countries undertake together across the spectrum I have described, and I intend to advance preparations in cooperation with the Government of the United States to ensure that the President's visit is a successful one. With that in mind, I visited the United States from 18 January, where I explained to President Bill Clinton, Vice President Al Gore, Secretary of State Warren Christopher and Secretary of Defense William Perry that the Hashimoto cabinet attached the highest importance to Japan-U.S. relations, and concurred with them that we should continue to promote further our bilateral relationship. The friendly and cooperative relationship with the Republic of Korea, with which Japan shares common values and security interests, is important not only for our two nations but also for the peace and security of northeast Asia. Japan intends to continue to further strengthen its relations with the Republic of Korea in coping with issues facing the Asia-Pacific region and the world as a whole.

It is important for Japan to maintain and further develop its friendly and cooperative relations with the People's Republic of China, and for Japan and China to cooperate together in the international community. Japan intends

to endeavor to build a new era of future-oriented cooperation between Japan and China, and plans to continue to assist China's policies of reform and the open door as it further deepens its cooperative relations across a wide range of sectors. On the issue of chemical weapons left behind in China by the former Japanese Army, the Government of Japan intends to take a sincere approach in accordance with the spirit of the Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on Their Destruction which it recently ratified.

In its relations with the Russian Federation, while there is a need to keep a close watch on domestic political trends with the approach of the presidential elections scheduled for June 1996, Japan strongly hopes that Russia's reform will continue without faltering. Nineteen ninety six marks the 40th anniversary of the resumption of diplomatic relations between the two countries with the Japan-Soviet Joint Declaration, and a solution to the Northern Territories issues is the most important issue facing Japan-Russia relations. While steadily moving ahead in relations between our two countries in various fields, I intend to devote an even greater effort to reaching a solution to the Northern Territories issue based on the Tokyo Declaration and to achieving a full normalization of the relations between the two countries.

In its relations with Europe, as well, Japan is advancing dialogue and cooperation across a wide spectrum with countries in the area, beginning with the European Union, which is moving forward with integration, and I intend to work hard to further strengthen Japan-Europe relations.

The Asia-Pacific region, the center of world growth, is experiencing dynamic economic development against a background of political stability as the level of interdependence in the region deepens. The stability and prosperity of this region are important for ensuring the security and prosperity of Japan, and Japan strives to strengthen regional cooperation in the Asia-Pacific in both political and economic spheres on the basis of its cooperative relations with the countries of North America, Asia, central and South America and Oceania.

In November 1995, Japan, as the chair of Asia-Pacific Economic Cooperation (APEC), hosted the ministerial meeting and economic leaders' meeting in Osaka. Under Japan's leadership, the Osaka Action Agenda was adopted, which charts a comprehensive road map for achieving the liberalization and facilitation of trade and investment and promoting economic and technical cooperation. In adopting the Osaka Action Agenda, APEC has moved from the "vision" phase to the "action"

phase. At the APEC ministerial meeting in the Republic of the Philippines this year, the member economies will submit their action plans on the implementation of the Osaka Action Agenda. Japan intends to contribute positively to the further development of APEC through various avenues, including compiling a substantive and positive action plan.

As for the ASEAN Regional Forum (ARF), at the second ministerial meeting held last year, agreement was reached to make gradual progress on specific forms of cooperation while paying special attention to confidence-building measures. The Intercessional Support Group on Confidence-Building Measures, co-hosted by Japan and the Republic of Indonesia, was held in Tokyo on 18-19 January, and was a significant first step in that direction. Japan intends to continue to make efforts to engage itself positively in ARF, which is a forum for political and security dialogue in the Asia-Pacific region, and to work to promote confidence-building among the countries of the region.

It is necessary for us to continue to watch carefully the situation in North Korea. In its relations with North Korea, Japan intends to deal with the matter in close contact with the Republic of Korea and other countries concerned, taking into consideration two aspects: To rectify the anomalous relations between Japan and North Korea after World War II; and to contribute to the peace and stability on the Korean Peninsula. As for the issue of the development of nuclear weapons in North Korea, as the result of the conclusion of an agreement between the Korean Peninsula Energy Development Organization (KEDO) and North Korea on the supply of a light-water reactor project, Japan intends to continue to positively contribute to KEDO, maintaining close cooperation with the United States and the Republic of Korea.

While implementing regional cooperation as "open cooperation" which is commensurate with such global frameworks as the United Nations and the WTO, Japan must also strive to further strengthen the global frameworks themselves.

The United Nations constitutes an important pillar of these global frameworks. If the United Nations, which has just celebrated the 50th anniversary of its establishment, is to fulfill a role that meets the demands of the age, it is necessary to advance reforms to strengthen the functions of the United Nations. When Japan addressed the United Nations General Assembly in September 1995, it stressed the need for financial reform, reforms in the economic and social fields and reform of the Security Council. Tokyo also reiterated its basic philosophy toward international contributions, including its refusal to resort to the use of force,

which is prohibited by the Japanese Constitution, and once again clearly stated that, with the endorsement of many countries, Japan was prepared to discharge its responsibilities as a permanent member of the Security Council. Moreover, in December 1995, a resolution was adopted at the General Assembly to the effect that a procedure to amend the charter in order to delete the "enemy state" clauses would be initiated at the earliest appropriate future session. Japan intends to continue to cooperate with other member states of the United Nations and demonstrate its initiative in tackling reform of the United Nations.

Close cooperation and policy coordination among the industrialized democracies of Japan, the United States and Europe, which share common values, is essential for the success of any approach to the various issues of the International community, and Japan intends to enhance cooperation and policy coordination at such forums as the G-7 summit prior to this year's Lyon Summit and a summit on nuclear safety and security scheduled for April in Moscow. Japan intends to take a positive approach at these meetings.

Furthermore, the Asia-Europe meeting is scheduled to be held for the first time at the heads-of-government level in March 1996 in Thailand. Japan looks forward to this opportunity to deepen mutual understanding of the situation in these regions, and intends to work to strengthen dialogue and cooperation between Asia and Europe across a broad range of issues from a global perspective.

In order to enhance cooperation with all countries, it is necessary first of all for us to experience one another's cultures in order to create a foundation on which we, with different social and cultural backgrounds, can stand as equals who respect each other. Japan intends to take an even more positive approach to cultural exchanges and cultural cooperation. I intend to make further efforts to strengthen international cooperation in the field of science and technology with a view to playing a positive role in the international community. Furthermore, I intend to take a positive approach to overseas public relations activities.

In recent years, there has been an increase in the number of Japanese traveling abroad, and there is a growing need to strengthen measures to secure the safety of Japanese nationals abroad. The Government of Japan intends to make efforts to further strengthen the system for the protection of Japanese nationals overseas and its crisis management capacity, and to strengthen its foreign policy implementation structure so that it can advance a flexible and accurate foreign policy.

The foundation of diplomacy lies in ties with each country based on mutual understanding and trust. Last year marked the 50th anniversary of the end of the war, and at the start of another 50 years, squarely facing our past with neighboring Asian countries and elsewhere, I intend to take positive steps to promote mutual understanding and trust with each of them, looking ahead to the future. With that in mind, I will take a steady approach to the various issues Japan faces, such as advancing the peace, friendship and exchange initiative which was started in 1995. I am determined to promote international coordination on a foundation of relations of trust, which we will cultivate in the manner I have described, as I deal with various diplomatic issues.

As internationalization proceeds in Japan, domestic politics and foreign policy become integrated as one. I intend to fully lend my ear to public opinion, and with a more complete understanding and support of the people to promote Japanese foreign policy. In this endeavor I ask for the further support and cooperation of the members of the Diet and the people of Japan.

Japan: Finance Minister's Policy Speech to Diet

*OW2201132796 Tokyo NHK General Television
Network in Japanese 0731 GMT 22 Jan 96*

[Speech by Finance Minister Wataru Kubo to the 136th session of the Diet — live]

[FBIS Translated Text] As we are about to ask for a Diet deliberation on the budget bill for fiscal 1996, I would like to express my ideas and fundamental views on future financial policies. At the same time, I will explain how I will deal with the budget.

First, one year has passed since the great Hanshin and Awaji earthquake. But the quake victims are still confronted with many difficulties. I would like to extend my sympathy to them. I hope that they will recover from the damage caused by the quake as soon as possible. At the same time, the government will make assurances and be doubly sure about the implementation of various measures.

So far, the Japanese economy has overcome many difficulties, thanks to people's continuous endeavors and hard work, and made remarkable improvement while the world economy continued to grow. However, Japanese society, 50 years after the war, is confronted with unavoidable structural changes — including the change to maturing society, decline of the young population, aging of society, and advancement of information communications. Now is the time for us to strongly promote plans to reform the economic structure for the creation of a free society with vital power, in which every Japanese person can live affluently.

Externally, on the other hand, the internationalization of economic activities is progressing further. Under such a situation, Japan is expected to actively take part in the formation of a new framework for the prosperous and healthy expansion of the world economy.

First, let me talk about the recent economic situation at home and abroad. The current economic situation in Japan shows some good signs in such areas as private consumption, investment in plants and equipment, and housing project investment. Although slow, there are signs of movements that will help us get rid of economic stagnation.

Regarding the international economic situation, on the other hand, there are signs of an economic slowdown in developed countries. Nevertheless, there is a sign of economic recovery in former planned economies. Moreover, economies continue to expand in developing countries, mainly in Asia. In this way, the world economy as a whole is continuing to grow in principle. On the basis of these economic situations at home and abroad, I will do my best in dealing with the following tasks while executing financial policies for the future.

The first task is to assure economic recovery as soon as possible. So far, the government has been making economic management more perfect. Among other things, the government mapped out economic measures in September, 1995, as well as measures for the liquidation of the special housing loan corporations at the end of 1995. However, the government will continue to steer the economy in an appropriate and mobile manner by steadily executing the aforesaid measures, including measures for cherishing the bud of economic recovery that has recently been noted.

At the time of compiling the draft budget for fiscal 1996, we mapped out a plan designed to promote steady public investment under the exceptionally tight current financial situation. At the same time, we also introduced measures for the attainment of economic structural reform aimed at medium- and long-term steady growth of the Japanese economy. Moreover, in addition to continuously making special reductions of income and private resident taxes at the same scale as the tax reductions of 1995 as we revise the tax system during fiscal 1996, we are also planning to introduce appropriate measures in dealing with the land, security, and other tax systems, as well.

Regarding the financial field, various interest rates are still at a low level, thanks to the repeated implementation of measures designed to ease financial regulations, including the measure introduced in August last year to lower the official discount rate. We will continue to keep an eye on the effects of these measures.

Regarding the recent foreign exchange rate, the strong yen is being rectified because all countries acted in harmony on the basis of the agreement reached at the series of meetings between the seven industrialized countries' finance ministers and central bank presidents. We plan to closely cooperate with countries concerned in the foreign exchange market in the future as well.

The second task is to promote fiscal reform. For a period of 15 years beginning in 1975, the government has been forced to issue huge amounts of deficit-covering bonds. However, as a result of such efforts as cutting back government spending over the years and thanks to a sharp growth in tax revenue due to the so-called bubble economy, the government was able to avoid issuing such bonds in FY90. An unprecedented situation followed the collapse of the bubble economy with a continued shortfall in tax revenues. In compiling the FY95 budget, the government was able to avoid issuing deficit-covering bonds, which are unsecured bonds, by implementing various measures to secure necessary revenue. However, in compiling the FY96 budget, it has been revealed that total tax revenues are likely to fall short of the amount estimated in the initial FY95 by more than two trillion yen. Moreover, we have run out of various schemes to secure necessary revenue. Thus, we have fallen into a grave situation where we are forced to issue huge amounts of deficit-covering bonds again. Meanwhile, the government has done all it can to respond to the changing economic situation. As a result, however, the balance of outstanding government bonds has sharply risen in recent years. It is estimated that the balance of outstanding government bonds will total approximately 241 trillion yen at the end of FY96. To help finance the FY96 budget alone, the government plans to issue approximately 21 trillion yen worth of national bonds; this brings the ratio of government bonds to overall revenues to 28 percent, an extremely high figure. If this situation should persist, it will become difficult for the government to deal flexibly with socio-economic changes such as the progressively aging society and Japan's mounting responsibilities as a member of the international community. It will become a great obstacle to Japan's economic and social development. In a series of meetings of G-7 finance ministers and central bankers and via other venues, industrialized nations have stressed the need to further implement measures over the medium term to drastically reduce their fiscal deficits to achieve sustainable growth over the long term. In managing finances in the future, our basic duty is to squarely face the grave fiscal situation and build a healthy fiscal management system as promptly as possible. To that end, the government must review its administrative and fiscal roles as well as the scope of its spending from the

medium and long-term viewpoint. In the process, we may have to ask the people to share the pain that may arise. The FY96 budget depicts the severity of the fiscal situation as the government must issue huge amounts of government bonds, including deficit-covering bonds, to help finance the budget. Letting this serve as the groundwork, we request your further understanding and cooperation as we proceed with implementing further fiscal reforms.

The third task is to deal appropriately with various fiscal problems. The Tax Reform Law, which was enacted in November 1994, stipulates that the consumption tax rate will be raised to 5 percent on 1 April 1997 and includes a so-called review provision. In the future, we must examine whether the law has to be revised again to change the tax rate, considering that the end of September 1996 has been legally designated as the deadline for conducting such a review. Furthermore, we intend to conduct studies on the corporate tax and other taxes.

The tax system is the foundation for the nation's socio-economic structure. The government, while taking into consideration possible changes in the nation's socio-economic structure, among other things, plans to continue making efforts to reform the tax system into a more desirable system that is based on fairness, neutrality, and simplicity, which are the basic principles of taxation.

The fourth task is to establish harmonized external economic relations and to contribute to the development of the world economy. Aiming at sustainable growth of the world economy without inflation, Japan will further promote policy harmonization through such international forums as the Group-of-Seven [G-7] conference of finance ministers and central bank governors.

Japan is positively taking part in the maintenance and reinforcement of multilateral free trade systems through its roles in the World Trade Organization [WTO] and the Asia-Pacific Economic Cooperation [APEC] forum. Japan will host the third APEC finance ministers' conference in Kyoto this coming March to discuss such issues as macro-economic policies and the flow of funds. To secure better access to the market by management of the tariff system, Japan is determined to revise tariff-related legislation to carry out government policies, including front-loading of Uruguay Round tariff cut rules.

Fifth, the government will secure the safety and stability of the financial system, and revitalize the securities market. Supply of funds necessary for business activities is an important role of the financial market, and, in a way, the market is functioning as the artery of the

entire economy. To establish a sound and vital financial system is an indispensable prerequisite for the sustainable development of the Japanese economy. On those grounds, the government will continue to take bold action to achieve an early settlement of the problem of bad loans held by some financial institutes, giving maximum consideration to depositors calling for care-free credit conditions. The problem of housing loan companies, or the so-called *jusen* companies, symbolize the bad loans problem, and is an urgent question to grapple with. To settle the *jusen* problem, the government has decided to offer 685 billion yen fund for a *jusen* liquidation body to be established. Also, the government will take appropriate fiscal measures when further losses are created from mortgages taken over by the *jusen* liquidation body. These fiscal measures are seen as inevitable actions because an early settlement of the *jusen* problem is necessary to stabilize the Japanese financial system, restore the international community's confidence in the Japanese financial system, defend individual depositors, and to set the Japanese economy on its way to an awaited recovery. In the *jusen* liquidation process, the government will try its best to secure transparency of decisions and to clarify who is responsible for the problem so that public can understand the public assistance to the *jusen* liquidation. To achieve the objective, the government has recently disclosed information on management of the *jusen* companies and on the present status of their bad loans. The disclosure of information will be carried on in accord and cooperation with both houses of the Diet.

Regarding the repayment liabilities of debtors, the *jusen* liquidation body will resolutely collect credit, taking every legal measure swiftly under the guidance of the Deposit Insurance Corporation, regardless of business circumstances and interests of persons concerned. Until mortgages are taken over by the *jusen* liquidation body, the government will take followup measures by instructing *jusen* companies and their parent banks to prepare for the business takeover, perpetuate mortgages, and keep at credit collection efforts. In addition to creditors and debtors, illegal conduct by any parties concerned will be subject to law enforcement procedures. Furthermore, the government will thoroughly review old financial policies and supervision mechanisms so that financial institutes become aware of the self-discipline principle. We must build up anew a transparent financial system controlled by market rules. To achieve these goals, the government will carry out promotion of disclosure, introduction of early corrective actions, enrichment of monitoring and inspection systems, and expansion of deposit insurance systems. Measures for achieving an early settlement of the bad loans issue and establishing a new financial system will be submitted to the current

Diet session as a bill based on the financial system research panel's advisory report released last December.

To revitalize the securities market by paving the way for a full recovery, the government announced a deregulation package late last year, and it was formulated based on hearings from securities companies. The tax system revision for fiscal 1996 will include reduction of taxation on securities transactions, and qualification requirements for debenture issuance were lifted starting in January 1996. The government will take further efforts for revitalizing the securities market.

Next, let me describe the outline of the fiscal 1996 budget. In the compilation of the 1996 budget, expenditures were thoroughly reviewed to ensure intensive and effective allotments of limited revenue resources. Emphasis was laid on qualitative enrichment of the budget, and, as the result, the budget successfully provided funds necessary for revitalizing the economy and for other objectives.

The total amount of general account expenditures is 43.1409 trillion yen, increasing by only 2.4 percent from the initial budget for fiscal 1995. As the result of the introduction of fixed interest and other bond policies, the expenditures for bond repayments reaches to 16.3752 trillion yen. Adding subsidies to local governments and emergency aid to the financial market, the total amount of the general account budget is 75.1049 trillion yen. The national government will carry on a personnel cut by steadily implementing the eighth manpower reduction program and by minimizing recruitment. As the result, 2,108 employees will be reduced in fiscal 1996. Regarding subsidies to local governments, the government will positively realign and consolidate subsidy programs to encourage financial independence of local governments and to rationalize use of fiscal funds.

Regarding revenues, the fiscal 1996 budget will continue a special tax rate cut on the income tax in view of the present economic situation. At the same time, the 1996 budget includes an appropriate manipulation of land taxations, adjustments of taxes on nonprofit organizations, simplification of tax exemption systems, and other necessary measures. To obtain understanding and cooperation from the public, the government will further strive to implement taxation in an appropriate and fair manner.

As for non-tax revenues, the government will transfer funds from the foreign exchange funds special account to the general account to increase the revenues. It will also issue government bonds worth 21.029 trillion yen, of which 9.031 trillion yen are construction bonds and 11.998 trillion yen are deficit-covering bonds. Con-

cerning the issuance of deficit-covering bonds, excluding those for tax reductions, the government will submit bills for Diet deliberations. Together with refunding bonds, government bonds to be issued in FY96 will total 47.59 trillion yen.

When implementing its loans and investment plan, the government will review the activities of institutions subject to the plan. To improve the livelihood of the people and live up to various policy demands without fail, the government has allocated enough funds for housing construction and revitalization of local areas. As a result, spending for general loans and investment is 40.5337 trillion yen, 0.7 percent up from the previous year. The total amount of expenditures for the fund operation program and the loans and investment plan is 49.1247 trillion yen, 1.9 percent up from the preceding year. Also, for the smooth digestion of national bonds, the government intends to actively use funds for the fund operation program to subscribe to national bonds.

Next, I would like to explain general expenditures. The government plans to secure the necessary growth of expenditures for public works projects to steadily promote establishment of social infrastructure and boost the economy. In allocating funds for public works projects, the government, while taking into consideration the basic public investment plan and the needs of the people, gave importance to such fields as housing, sewerage, and environmental hygiene, as they directly affect the livelihood of the people. It also placed importance on the fields which will form the basis for developments in the new era and on the improvement of a disaster prevention system. In particular, the government has worked out many measures to solve housing problems, including steady financing by the Housing Loan Cooperation and supply of more public rental houses. Concerning the five-year plan for the development of eight fields, the government intends to work out a new plan for each field because the current plan expires at the end of FY95. As for expenditures for social security, the government worked out a new plan to systematically implement comprehensive measures for the handicapped. It will steadily implement a new gold plan and emergency measures for nursing. As such, the government has compiled detailed measurements to promote welfare projects, which are closely connected to the people's livelihood. To solve employment issues, the government will improve and strengthen the new comprehensive employment plan, which gives importance to human resource development opening up new fields, shifting of the work force without unemployment, creation of new jobs, and helping new graduates find jobs. As for expenditures for education and science, the government will use the budget to implement vari-

ous plans for the promotion of science and technology. Such plans include those to improve the educational environment, promote higher education and scientific research, carry out cultural programs, improve basic research, and give aid to young researchers. As for expenditures to support small- and medium-size enterprises, the government will take measures to help them develop new technologies and start new businesses, while taking into account their business difficulties. As for agriculture, forestry, and fisheries-related expenditures, while taking into consideration the enactment of a new food control law and the circumstances surrounding the Japanese farm industry and farming areas, the government will steadily implement measures to establish an agricultural structure under which a stable managerial body that has a excellent managing ability will play a major role in production. As for economic cooperation, the government will extend necessary assistance to other countries through nongovernmental organizations. It intends to improve the quality of its aid to foreign countries to cope with new fields of assistance, such as helping developing countries promote human resource development and increasing the importance of women's roles in development programs.

As for defense spending, in accordance with the recently compiled national defense program outline and the mid-term defense buildup plan for FY96 and after, the government intends to carry out an effective and moderate defense buildup. As for energy, the government plans to steadily implement a comprehensive energy policy, while considering the importance of preserving the global environment.

It is expected that local governments will continue to have great revenue shortages. Meanwhile, national finances are in a severe condition. Based on the fundamental idea that local and central governments, which are the two wheels of the economy, need to implement well-balanced finances, the government intends to take necessary measures to secure subsidies for local governments in such a way that does not affect local governments' financial policies. Local public bodies will be asked to further reduce expenditures for effective allocations of funds.

To stabilize the financial system, the government has earmarked a subsidy for Deposit Insurance Corporation based on the plan to liquidate failed housing loan companies.

At this opportunity, I would like to say a word about the budget for FY95 after the third revision. Considering the recent revenue trend, the government expects a decrease in tax and stamp revenues in FY95. Thus, it plans to issue national bonds while reducing subsidies to local

governments. The government will submit bills to issue national bonds to compensate a revenue shortage in FY95 to the Diet. The total amount of FY95 budget after the third revision decreases 1.0044 trillion yen to 78.034 trillion yen compared with the budget after the second revision. I now conclude my explanation of the FY96 budget and the revised FY95 budget. I ask for your deliberations on the budget and related bills and for their prompt approval.

In view of the 21st century, we must all join in efforts to build an economy and society that is full of diversity, prosperity, and vigor. To that end, we must restructure our fiscal system, which is already in critical condition, and promptly establish a system that can respond flexibly to socio-economic changes. In addition, it will be necessary to strictly enforce the principle of self-responsibility and promote highly transparent administrative procedures to help build a stable financial system. I intend to squarely deal with the many fiscal and financial problems we face now and do my best to fulfill my duties. I earnestly request further understanding and cooperation from all of you.

Japan: EPA Chief's Policy Speech to Diet

*OW2301044496 Tokyo NHK General Television
Network in Japanese 0801 GMT 22 Jan 96*

[Speech by Shusei Tanaka, director general of the Economic Planning Agency (EPA), to the 136th session of the Diet — live]

[FBIS Translated Text] I would like to express my views about tasks that confront Japanese economy and fundamental ideas on economic management. Currently, Japan and other countries are at a historic turning point. First, the Japanese economy is undergoing a transition from a standstill to lasting, stable growth. The world economy is also at the stage of moving from an era of competition within the framework of Cold War structure, which lasted for half a century after the war, to an era of free and keen competition within the grand framework of a unitary global economy both in name and reality. Moreover, we are also at the turning point of moving from the 20th century, during which the industrial society was created, to the 21st century, in which more importance will be attached to the greater use of information and intellectual production. In a way, this is a turning point of cultural history. We are strongly required to make a fundamental review of and reform the current economic structure in order to appropriately deal with such a flow of history and to open up a way for new prospects.

With the understanding that there is no progress without reform and no new progress without structural reform,

we have to share pain among ourselves and devote all our energies to overcoming difficulties that we will be facing during the new era. There is a proverb which goes "he who suggests it should be the first to do it." Likewise, the thing we need first and foremost is for the government to take the lead in righting itself and accepting pain.

First, I would like to explain the economic situation at home and abroad.

Regarding the world economy, the market economy is expanding and taking root in many countries, including the socialist nations. As the APEC [Asia-Pacific Economic Cooperation] nations' recent movements for liberalization of trade and investment indicate, the market economy is making remarkable progress in the Asia-Pacific region, in particular. Such a fundamental shift in the economic trend is changing the scale and intensity of traditional competition to an international scale. It is creating a so-called era of mega-competition. Consequently, the Japanese economy has no choice but to compete with the developing countries, which are in a far-superior position in terms of labor costs, while competing at the same time with the developed countries, which have cutting-edge technologies. In a way, we are required to reform our economy decisively without hesitation to deal with such a situation, in which Japan is forced to use tough tactics on two fronts.

The Japanese economy reached bottom in October of last year. Nevertheless, the pace of economic recovery slowed because of the collapse of the so-called bubble economy, which restrained private and corporate business activities and made the issue of bad loans more serious. Such economic activities became slower in the wake of last year's Great Hanshin Earthquake, rapid appreciation of the yen after last March, and other causes. Economic activities fell into a slump. Among other things, people started to feel uncertainty about future economy. In this way, the severe economic situation continued. Because of this, the government mapped out, among other things, various measures without pause — including plans introduced in September 1995 to expand domestic demand and economic measures with deregulation as the pillar. As a result, private consumption and investment in plans and facilities have been recovering, although the situation is still tough in the areas of employment and small-to-medium-sized enterprises. In addition, there are some good signs of production recovery and other positive factors for economic recovery. We may note movements that indicate that, although slowly, the economy is extracting itself from the slump.

On the basis of the situation I explained earlier, I am planning to manage the economy during FY96 in

line with the following four fundamental views with economic recovery and reform of the economic structure as the central factors.

Our first basic idea is that the first signs of brighter economic prospects that have recently appeared should be nurtured, and that we need to realize a prompt and smooth transition to a self-regulated economic recovery led by private sector demands.

For this purpose, the government has decided, despite the serious financial circumstances, that it will continue to take measures to restore the economy in compiling the budget for FY96. For example, measures for expanding domestic demand, such as the steady promotion of investment in public works and housing, will be taken. Moreover, projects will be promoted to develop science and technology, as well as to build a highly information-oriented society. The income tax cut of the same scale as that for FY95 will be carried over; the land tax system will be reviewed; and tax-related measures will be taken to revitalize the stock market.

In connection with fiscal management, I think the basic policy lies in using appropriate and flexible management methods while monitoring economic trends at home and abroad, as well as the foreign exchange rate situation. With regard to the bad debt issues, including the jusen problem, we intend to disclose measures to be taken on handling these issues so as to put the economy firmly back on the growth path and to ensure our financial system's stability and its credibility both at home and abroad. To seek our people's understanding, efforts will be made to ensure further disclosure, to identify responsibilities for those concerned, and to settle these bad debt issues at an early time.

In connection with the employment issue, positive measures will be taken to ensure stability in employment, and measures will be taken to foster talented personnel to engage in newly created fields, to create new jobs, to ensure a labor transfer [rodo ido] without unemployment, and to provide concerned information to new graduates.

As for and small and medium-sized businesses, we will take comprehensive measures centered on providing assistance. For example, support will be given to promoting technical development and to making advances into new businesses and fields.

Thanks to the expansion and progress of the market economy at a global level, as well as activated competition in the circulation market, prices are maintained at a very stable level, and we intend to continue to maintain this situation. However, the disparity between Japanese and international prices is a major factor that has made

our people unable to experience prosperity. We will correct and reduce such a disparity through deregulation, the promotion of competitive policies, and competent implementation of policies on public utility charges.

Through the above measures and steps to promote reform of the economic structure, which I will elaborate on later, and as a result of the initiatives taken by the private sector, the economy in FY96 is expected to move from a public investment-led recovery to a self-regulated recovery fired by gradually increasing private sector demand. In other words, we are moving from a stage where the government acts as the driving force of economic recovery to a phase where the private sector is the driving force. The government will keep a close watch on this process and continue efficient management of the economy.

To draw a concrete picture of the economy in the next fiscal year: First, personal consumption will continue its steady recovery, thanks to the recovery in the wage earners' income and the stability of consumer prices.

Second, the recovery in private sector capital investment, which has started in major companies and manufacturing industries, will gradually extend to small and medium-sized businesses and nonmanufacturing industries.

Furthermore, investment in housing and public works will remain at a high level.

With regard to trade, with the increase in the import of processed goods, an expansion of imports exceeding that of exports is expected. As a result, the surplus in the balance of payments in trade, services, and current accounts will continue to shrink.

While the employment situation will remain tough, this is expected to improve gradually with the recovery of the economy.

Based on the above economic trends, the economic growth rate in real terms, fired mainly by domestic demand, is expected to increase to around 2.5 percent from 1.2 percent in FY95.

Our second basic thinking has to do with promoting reform of the economic structure.

The government formulated last December a new "Economic and Social Program for Structural Reform" for the period up to the year 2000. In order for the present economic recovery, based on domestic demand, to contribute to stable growth in the midterm, we will take active and steady steps to promote structural reforms — for example, through the implementation of the "Action Program to Correct the High Cost Structure and Revitalize the Economy" in 10 sectors, including distri-

bution and energy, as provided in the above economic program.

With regard to deregulation, which will be essential in such efforts, the most important thing is that the government should make serious efforts to implement the deregulation promotion program. At the same time, administrative reforms, such as a review of the division of labor between the administration and the private sector, should also be promoted. We also hope that private companies will not be preoccupied with defending their vested interests, and will take the initiative in working for deregulation with a conviction to "gain independence from regulations." It is only through concerted national efforts that the potential vitality of the economy, premised on the principles of self-responsibility and the market mechanism, can be given full play; and it is only through such efforts that the realization of a "new economic society" in the 21st century can be possible.

Toward this end, it is necessary to promote industrial revitalization through active implementation of a competition policy, and to give assistance to efforts toward business restructuring and fostering of new businesses. In particular, growth is expected in sectors relating to information and communications, human resources, medicine, health care and welfare, and the environment.

In preparation for the 21st century, when even greater emphasis will be placed on information and intellectual production, we have to lay down the infrastructure for the development of our economy. Toward this end, the government will work for the building of an ability-cultivating society, where each individual's abilities are given full play, and are justly appraised; the building of a nation premised on scientific and technological creation, which will break new ground for further economic growth; and the building of a sophisticated information and communications society, which is able to adapt to new communications developments.

Through such future-oriented efforts to revitalize the economy, we will open up new frontiers, alleviate the pains that come with structural reforms, and secure employment.

Our third basic thinking is to build an economic society where the people can live with peace of mind.

Today, the people are asking not only for good income and material prosperity; they also want an economic society that offers spiritual well being, comfortable living, safety, and a peaceful livelihood.

In response to such a change in the people's sense of values, the important thing is to create an environment in which the members of society can play an active role

based on their abilities and free will. In this connection, we will support efforts to improve the job market, secure employment opportunities for the disabled, and promote volunteer activities in order to cope with the further social participation of women and the aging of society.

Furthermore, to enable consumers to act independently based on the principle of self-responsibility, we will actively promote comprehensive measures for consumer protection and assistance.

In light of the growing trend of having less children and longer life expectancy, and to ensure a living environment which offers everyone peace of mind, we will build a new social support system consisting of the elements of self-help, where each individual actively solves his own problems; mutual help, where there is mutual assistance in society; and public help, where help can be obtained from public services.

In order to realize a comfortable life, the government will support efforts to shorten working hours, with the goal of realizing 1,800 hours per annum. Also, to solve the problem of crowded, expensive, and distant homes, the government will take steps to form a more comfortable residential and urban structure, with the following goals: An average floor space of 100 square meters for each household; reducing the construction cost to two-thirds of the current level; and aiming at a commuting time of around one hour.

Furthermore, to realize a comfortable life blessed by a richly endowed natural environment and scenery and unique traditional culture, we will promote policies aimed at building an economic society that will harmonize with nature and make sustainable development possible.

One year has passed since the earthquake. It goes without saying that we need to continue to exert utmost efforts for the rehabilitation of the Hanshin-Awaji area. We must also take advantage of the lessons we learned from the great earthquake to promote national land development and community development that can survive disasters. We will also implement the basic program for public investment, and make effective, priority allocations in sectors relating to the people's livelihood.

Our fourth basic idea is the contribution to the world economy advancing toward the market economy and globalization.

For our economy to prosper along with the world economy, we need to build an economic society open to foreign countries in order to derive the maximum benefit from the market economy, and to contribute to the

continuous growth of the world economy through active participation in dealing with international problems.

First, there is the need to ensure that our systems and procedures adapt to international norms. In addition to deregulation, we will improve the access of foreign countries to our market through efforts to liberalize the market, our complaints system on issues relating to government procurement, and other activities.

Furthermore, under the institutional framework of the WTO and other international organizations, we will further contribute to the strengthening of the multilateral free trade system. We will participate in such efforts as the ongoing international debate on forming a trade and investment framework, which is the new post-Uruguay Round issue, and the formulation of Japan's action program for the liberalization and facilitation of trade and investment under APEC.

The government will also get involved with new issues for ODA [Official Development Assistance], such as support for democratization and transition to a market economy, and assistance for women in developing countries. With regard to the economic development of the global community in the 21st century, the big issue is how to maintain a balance between population, food, resources, and environment, while ensuring sustainable growth. While natural resources are exhaustible, technology and knowledge transcend such limits. We will contribute to resolving such issues through the economic, technological, and scientific capabilities of our country.

Now that the 21st century is nearing, some people tend to view the future of the Japanese economy with pessimism. But if you recall the pessimistic view that all Japanese people had 50 years ago, or immediately after the war, and the zero-growth theory after the oil crisis 20 years ago, you realize that Japan, which is small and poor in natural resources, struggled with adverse circumstances and concentrated the wisdom and energy of its people every time it faced difficulties. Japan overcame these adverse circumstances and finally built one of the prominent economic societies of the world.

We are facing many difficulties, including the financial troubles and the future of medicare and social security. Every problem indicates that the Japanese economy is confronted with difficult issues which Japan cannot solve if it stands idle without changing the current situation. We need to set up a new cycle for economic growth to settle these tasks.

It is an urgent task for us to carry out structural reform of the economic society — including administrative reform, financial reform, and economic reform. In the

new economic plan, we expect that the actual rate of economic growth for the five years from FY96 will be about 3 percent if we can actively obtain the results of structural reforms. Among other things, we fear that the growth rate may fall and the unemployment rate may rise, and that we will not be able to open up good prospects for the Japanese economy should we fail to promote structural reform.

Will we be able to rid ourselves of the pains, or are we going to entrust ourselves to the changing trends of the world? The true value of the Japanese economy is being tested more than ever before. I will do my best to overcome the ordeal and to construct a bright economic society, which is full of hope.

In this, I ask sincerely for the support and cooperation of the people.

Japan: LDP Official Criticizes Keidanren Speech

*OW1901113396 Tokyo KYODO in English
1001 GMT 19 Jan 96*

[FBIS Transcribed Text] Tokyo, Jan. 19 KYODO — A key Liberal Democratic Party (LDP) official Friday [19 January] criticized Japan's powerful business lobby, the Federation of Economic Organizations (Keidanren), for statements supporting the main opposition Shinshinto (New Frontier Party).

Hiromu Nonaka, the LDP's acting secretary general, told a meeting of key LDP members that if an address by Keidanren Vice Chairman Hirotaro Higuchi in support of Shinshinto policy at its party convention Thursday had been made on behalf of the federation, this would pose "a serious problem."

In an attempt to ease the LDP reaction to the incident, the federation's chairman, Shoichiro Toyoda, phoned LDP Secretary General Koichi Kato on Thursday evening and told him he had not been aware of Higuchi's appearance at the Shinshinto meeting, LDP sources said.

Toyoda told Kato that Keidanren policy is "not the same as Shinshinto's," the sources said.

On Friday morning, Keidanren Managing Director Ryuko Wada called at the LDP's Tokyo headquarters to explain to Kato that Higuchi had attended the Shinshinto convention in a "personal capacity."

Japan: Hata Group Launches Faction With Shinshinto Members

*OW2201142696 Tokyo KYODO in English
1336 GMT 22 Jan 96*

[FBIS Transcribed Text] Tokyo, Jan. 22 KYODO — A group of supporters of former Prime Minister Tsutomu Hata in the main opposition party Shinshinto (New Frontier Party) on Monday [22 January] launched an unofficial faction with 57 party members.

The new group will serve as a "watchdog" for the party leadership led by Ichiro Ozawa and also as a mutual aid association for elections, said leading member Hajime Funada.

The group plans to start full activities next week by holding their first meeting to study key political issues.

The Monday meeting, which was attended by 47 lawmakers and 10 representatives of lawmakers, selected Hata and former Prime Minister Morihiro Hosokawa as the co-leaders of the group.

"We have gathered to initiate new politics. We will act as a group to open the door to the future and create another Diet bloc to compete with the Liberal Democratic Party," Hata said.

The Hata faction could further widen the fissure within the party created by the embittered rivalry between Hata and Ozawa, which culminated during the party presidential election in December.

Some Ozawa supporters criticized the move as "a separatist action," trying to dissuade likely members from joining the group.

The Hata group is critical of Ozawa's proposals to raise the consumption tax to 10 percent in 10 years and to create a police regiment for contributing to United Nations peacekeeping operations.

Japan: Ozawa Demands Diet Dissolution Prior to G-7 Summit

*OW2101042096 Tokyo KYODO in English
0402 GMT 21 Jan 96*

[FBIS Transcribed Text] Tokyo, Jan. 21 KYODO — Ichiro Ozawa, head of Japan's main opposition party Shinshinto (New Frontier Party), said Sunday [21 January] that the Diet should be dissolved for a snap general election before a summit meeting of the group of Seven (G-7) economic powers in Lyons in June.

Ozawa said in a television news program, "It is better to seek the will of the people in settling the current political situation prior to the summit."

Ozawa stressed that he will ask for a dissolution of the Diet at the ordinary Diet session which opens Monday.

Ozawa, who was elected Shinshinto president last December, has repeatedly revealed his strong determination to press the government to dissolve the Diet for a snap election.

Ozawa beat his sole rival, former Prime Minister Tsutomu Hata, by an overwhelming margin in a party presidential election.

Anti-Ozawa members of Shinshinto, including Hata, are set to form an intraparty policy study group on Monday.

But Ozawa said the intraparty group will not trigger a split in the main opposition party, and he categorically rejected the possibility of a tie-up between the anti-Ozawa group and legislators of the dominant partner in Japan's ruling coalition, the Liberal Democratic Party.

Japan: Table of Parliamentary Strength

OW1901121296 Tokyo KYODO in English
1113 GMT 19 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 19 KYODO — The following is a new table of parliamentary strength in both houses of the Diet after two members of Jiyu Rengo (Liberal Union) left a joint parliamentary bloc with the Liberal Democratic Party (LDP) in the House of Representatives and the Heishin Kai Party in the House of Councillors changed the name to join Jiyu Rengo on Friday [19 January]:

House of Representatives	House of Councillors
Ruling Coalition	
LDP 207	LDP 111
SDF 63	SDP 36
New Party Sakigake 23	New Party Sakigake 3
Opposition	
Shinshinto 170	Heisei Kai 68
JCP 15	JCP 14
Shimin League-Minkairen 8	Shin Ryokufu Kai 5
	Sangiin Forum 4
Shin-Shakaito Heiwa-Rengo 2	Niin Club 4
	Shin-Shakaito Heiwa-Rengo 3
Mushozoku Club 2	
Jiyu Rengo 2	Jiyu Rengo 2
Independents 5	Independents 2

House of Representatives	House of Councillors
Vacancies 14	Vacancies 0
Total 511	Total 252

Note: LDP is the Liberal Democratic Party, SDP the Social Democratic Party, and JCP the Japanese Communist Party.

Japan: Fuji Juken Top Debtor in Jusen Scandal

OW2301053496 Tokyo KYODO in English
0437 GMT 23 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 23 KYODO — The Fuji Juken Real Estate Group of Osaka is the biggest borrower from housing loan companies [jusen] to be liquidated in a controversial government scheme, according to a list of the top 50 debtors obtained Tuesday [23 January] by KYODO News.

Fuji Juken has outstanding loans totaling 298.8 billion yen from five of the seven mortgage companies, and four other top borrowers have debts of more than 100 billion yen each, the list shows.

Real estate businesses rank high in the list, attesting to the housing loan companies' reckless lending to the sector during the speculative "bubble economy" era of the late 1980s.

Last Friday, the Finance Ministry and the Agriculture, Forestry, [and] Fisheries Ministry released information on the top 50 borrowers from the housing loan companies but stopped short of naming them.

The opposition camp has urged the government to unveil the names of such borrowers, criticizing its scheme to use taxpayers' money for the liquidation of the virtually bankrupt home mortgage companies.

Following the uproar over the limited release of information Friday, the Finance Ministry is considering presenting additional information on the housing lenders, including the names of their major debtors, during the ordinary Diet session that started Monday, ministry officials said.

The list obtained Tuesday gives the names of the top 50 borrowers and their outstanding balance of loans as of the end of last June.

Fuji Juken has loans of 14.4 billion yen from Nippon Housing Loan Co., 84.7 billion yen from Jyuso Inc., 69.8 billion yen from Chigin-seiho Housing Loan Co., 27.4 billion yen from Daiichi Housing Loan Co., and 102.5 billion yen from Japan Housing Loan Inc., the list shows.

Next on the list is the Osaka-based Sueno Kusan Realtor Group with a total of 236.7 billion yen in debts to housing loan firms, the Collins Real Estate Group of Tokyo with 120.1 billion yen, the Tokyo-based Azabu Tatemono Realtor Group with 111.3 billion yen, and the Asahi Juken Real Estate Group of Osaka with 105.2 billion yen.

The following are the 10 largest borrowers from the seven housing loan companies with location, type of business and outstanding loans in billions of yen as of June last year.

Name	Place	Business Type	Outstanding Loans
1. Fuji Juken G	Osaka	Realtor	298.8
2. Sueno Kusan G	Osaka	Realtor	236.7
3. Collins G	Tokyo	Realtor	120.1
4. Azabu Tatemono G	Tokyo	Realtor	111.3
5. Asahi Juken G	Osaka	Realtor	105.2
6. Togensha	Tokyo	Realtor	72.8
7. Meisei G	Osaka	Realtor	69.7
8. Fuji Building	Tokyo	Realtor	65.4
9. Tokai Kogyo-Shikawa G	Tokyo	Construction	63.8
10. Showa Kusan G	Osaka	Realtor	52.1

Note: G stands for Group

Japan: Kubo 'Positive' on Releasing Jusen Debtors
OW2301031496 Tokyo KYODO in English
0239 GMT 23 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 23 KYODO — Finance Minister Wataru Kubo on Tuesday [23 January] sounded positive toward releasing the names of major borrowers from the seven housing loan companies [jusen] that are to be liquidated under a controversial government scheme.

Kubo said at a press conference, "I want to fulfil my pledge on the maximum and positive disclosure of all necessary data."

The Finance Ministry is now considering the possible further disclosure of data, relating to the timing and contents of the loans provided by the troubled mortgage companies, Kubo said.

Stressing the importance of positive disclosure concerning the housing lender issue, Kubo said, "I believe all information that can be made available, within legal and constitutional limitations, will be released."

Kubo, however, stopped short of confirming whether a list of names of the top 50 borrowers from the home mortgage firms, as reported in two major dailies Tuesday, was based on information supplied by the ministry.

Last Friday, the ministry released data on the seven housing lenders which listed, but did not identify, the top 50 debtors.

But calls are growing within the ruling coalition and opposition camps for the names of the major borrowers to be made public.

The virtually bankrupt housing loan companies are destined to be liquidated because of the huge volume of bad loans they amassed through reckless lending to realtors and construction firms during the speculative "bubble" economy of the late 1980s.

The government's decision last December to use 685 billion yen of taxpayers' money for the liquidation scheme has drawn sharp criticism from the media and the public at large.

Kubo said his ministry will disclose as much information as possible, if necessary without waiting for parliamentary requests, as part of its efforts to win people's understanding concerning the government's scheme to liquidate the housing lenders.

Japan: Minister Vows To Reveal Farm Banks' Bad Loans

OW2301061996 Tokyo KYODO in English
0540 GMT 23 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 23 KYODO — The farm minister vowed Tuesday [23 January] to release details of the bad loans incurred by agriculture cooperative-affiliated financial institutions, as well as the value of latent capital gains on their securities holdings.

Agriculture, Forestry and Fisheries Minister Ichizo Ohara told a news conference the government will have "agriculture cooperative-affiliated financial institutions submit to the Diet all data on the unrealized capital gains on their securities holdings and the value of their bad loans."

His comments came after the government's failure last Friday to disclose the value of the farm banks' bad loans and the latent capital gains, together with the limited scope of the data made available on the banks' financial results, is causing public discontent.

The government disclosed the data, along with the locations and the balance of outstanding loans from seven failed housing loan companies to the top 50 corporate borrowers, for each of the seven, in an attempt to secure public approval of a government scheme to spend 685 billion yen in taxpayers' money to liquidate the seven housing lenders.

Unless the government discloses the data, it will not be able to secure public understanding of the reason why agriculture cooperative-affiliated financial institutions were allowed to take the limited amount of losses, worth a total of 530 billion yen, Ohara said.

The farm banks, the largest group of lenders to the housing loan firms, have drawn public ire for refusing to accept a larger portion of the 6.41 trillion yen in estimated aggregate initial losses, which relevant financial institutions are being required to shoulder under a government scheme for liquidating the seven housing lenders.

Ohara suggested that the housing lenders should drop their reported plans to halt monthly interest payments for their debts to the farm banks, starting in January.

Japan: MOF Official Urges Reappraisal of Economy

OW2201055496 Tokyo HATSUGENSHA in Japanese Jan 96 PP 16-27

[Article by Eisuke Sakakibara, director general of the International Finance Bureau of the Ministry of Finance: "A Realistic Strategy to Deal with the Masochistic Recession"]

[FBIS Translated Text] A recession is going on. Although definitions of a recession may vary, Japan certainly seems to lack vitality at present. I have repeatedly called this recession a "masochistic recession." In short, in the current economic slump the people connected with it have blamed themselves more than is necessary, and as a result are perpetuating the problem. Although this cannot be said to be the entire cause of the recession, it is definitely one of the major reasons. One can only think that the Japanese are punishing themselves the way Japanese people simply accept foreign analysts' views on the uniqueness of the Japanese economy as well as recent unjust appraisals the Japanese-style system.

Somehow, the view regarding Japan as unique compared to other countries looks like a product of Japanese making.

Theory That Japan Lags Behind Affects Even Businessmen

The present theories regarding Japan as unique or as underdeveloped have been reimported through American revisionists and so on, but in terms an intellectual system it can be said to have originated in the pre-war days Kozaha [the Lectures faction, group of Marxist theorists who supported the Japan Communist Party line in its 1932-33 Lectures on the History of the Development of Japanese Capitalism]. In short, Kozaha theoreticians, when defining Japan's historical development on the basis of Marxism, regarded the Meiji Restoration as an incomplete bourgeois revolution and argued that Japan's transition to socialism had to go through the two-stages of a bourgeois and a proletarian revolution. This two-stage theory of revolution claimed that Japan had not yet modernized, was still in a premodern stage and was behind Europe and the United States. Because this group exerted quite a powerful influence over the Japanese intellectuals in the pre-war days, the way of thinking that Japan is a country lagging behind was held consistently thereafter. Even after the downfall of Marxism, the same line of thought runs extremely deep among the intellectuals.

After the beacon of Marxism disappeared, the new beacon of U.S. oriented capitalism was introduced in order to insist that Japan was lagging behind. That is the current theory of a unique Japan. Japanese intellectuals on the side of the Establishment, not those on the left wing, have begun to profess that Japan is lagging behind in comparison to the advanced capitalism of Europe and the United States.

It is fairly understandable that such a way of thinking has existed among Japanese intellectuals since the Meiji era (1867-1912). In a sense, the Meiji Restoration was Europeanization and post-World War Two reforms have been Americanization. In these processes, Japanese intellectuals were vexed by Japan's lagging behind and troubled by differences between Japan and Europe and the United States. One of the conclusions was the theory of a unique Japan, a thought pointing to the junior status of Japan. However, the attitude of businessmen or technicians, for example, who have not necessarily taken the position that Japan was lagging behind is different from what it used to be. In particular, businessmen or high technology technicians who were instrumental to the high-level growth in the post-World War II days have not necessarily had a complex about Japan lagging behind. They thought that Japan

could outdo Europe and the United States as far as technology is concerned and there were in fact processes where Japan has exceeded the West. These business people, different from so-called intellectuals, were relatively confident about Japanese-style things and in the technology they had developed, thus led the Japanese economy. Politicians and bureaucrats who hold a certain belief in what they call "nationhood" has contributed to supporting the growth of the Japanese economy.

On the contrary, a typical phenomenon witnessed in the current recession was the fact that a considerable number of business people lost their confidence. Perhaps due to the prolonged recession, business managers, and probably politicians and the bureaucrats, too, have lost confidence. The view that Japan should undergo a basic change to make it a European-American type of country has gradually grown strong. The initiative for such a campaign is being taken up by some mass media people and commentators as part of the intelligentsia. In the past, business people were not carried away by such currents. They the attitude that "the world of business is different from what scholars and commentators say." There might be both a good side and bad side to this, but Japanese business people had little faith in what they were taught in college. They did not accept social science, apart from technical knowledge. It was natural because Japan's social science had long been dominated by Marxism, and they had the attitude at all times that "it is all right to dally with it while you are young, but please separate from it when you reach mature age." That attitude has collapsed these days and it has become comparatively easy for technocrats to be taken in by what so-called intellectuals insist. So, in my opinion, even among business people a tendency has become strong that destroying what is Japanese can lead them out of difficulties and that it is good to introduce what is not Japanese.

Of course, the details of business affairs are not yet dominated by such thinking. But as a general line, such ideas about self-punishment has become dominant, resulting in the sapping of the Japanese economy's vitality. This I call a "masochistic recession." I suppose that the change in the way Japanese business people think can be cited as one of the major reasons behind the masochistic recession.

The Japanese economy probably should not just be left the way it is. Some changes must be made in the economy. Since the world is an extraordinarily large-scale turning point, we really can not think that it is possible to overcome difficult times by just sticking to conventional ways of thinking and just maintaining conventional organizations. When the so-called "reforms" are

put up for consideration, they must be carried out with all one's strength as the foundation, if not and one tries to imitate someone else from the very beginning, everything will be destroyed including one's own strength.

This implies that the first thing the Japanese must do is to ask themselves what their strength is. In order to overcome the recession, it is certainly important to have a pragmatic way of thinking to make the most of such strength. However, such a pragmatic way of thinking itself has gradually lost its momentum. In the Establishment an ideology and mechanism that is not pragmatic has become prevalent; this ideology is also attempting to remove opponents by labeling them heretics in various organizations including the mass media. It is an extremely dangerous situation.

No "Reforms" Should Stifle Japan's Organizations

In my opinion, the original Japanese-style system is in itself pretty pliable. An organization run by a vertical command system from the top down tends to become stiff. When communication within the organization is improved, like in the case of Japan, it can react easily to diverse situations and the organization can respond well to situational changes. In that sense, the Japan-type of system had quite a flexibility. However, that flexibility is being gradually lost and organizations seem to have turned very rigid and stiff.

I maintain that the Ministry of Finance is a very liberal organization, but these days nobody believes it any more. Japan's bureaucratic organization of course is managed by Japanese-type rules, but it is unexpectedly flexible when the rules are adhered to. Junior officials can make their opinions heard, and they can display initiative. Because of such organizational characteristics, section chiefs or their deputies could perform their duties. Basically, the same applied to private organizations. This is impossible in European and American style organizations which are vertical top-down management. In order to have something done, the top persons must lead the organizations along forcibly. The top persons have to be replaced, when the way to have things done is changed. In Japan's case, organizations were such that the top man, overseeing a variety of subordinate people supporting him, hands out directions to them.

These days, fostering entrepreneurship has been talked about loudly, but in my opinion Japan's type of entrepreneurship is probably set up within organizations. In fact, that kind of method has been used. Japanese companies, encouraging entrepreneurship within the companies themselves have made advances into new fields of business. The companies which succeeded in such ventures were able to transform whole businesses.

However big an enterprise is, it would fail if it produces only one kind of product. Setting out a series of ventures within the company, these enterprises went into new fields of businesses. Unlike in the United States, therefore, they are necessarily engaging in entrepreneurship independently.

In the latest technological developments, most individual Japanese seem to be inferior to Americans in their ideas and abilities. Of course there are individuals who are not, but there is such a general tendency. The Japanese, however, become stronger when they are organized into groups. The same applies to entrepreneurial businesses. Japanese people have adopted the method of encouraging ventures and entrepreneurship within the organization. Our predecessors were good at setting up such methods, managing organizations and training necessary human assets. Now the problem is that Japan lacks such ingenuity and ambition. If reforms are to be done now, such a situation has to be changed.

What kind of reforms should be taken up to fix organizations that have become very stiff? The "reforms" popularly talked about these days, in many cases, are pointing the wrong direction. They talk about setting up a stiff top-down organization, different from the Japanese type, and encourage setting up separate ventures. But Japanese organizations are not suited for the top-down method and it is difficult to nurture entrepreneurship outside of organizations for many reasons.

Certainly, the present situation has to be changed and ways must be sought to get out of the present impasse. But it must be pointed out that the sense of direction has gone the wrong way for leading Japan out of such situation. This wrong direction is attributable to the notion maintained since the Meiji era that the Japanese are underdeveloped and to the uniqueness syndrome which views the Japanese system, organizations, and culture as lagging behind. Such a tendency existed in the 1980's and the enterprises that had changed their organizational setup according to the Europe-America-oriented advice did not fare well. In the long run, most of them went back to the old setup.

I am not saying that everything is bad about Europe-American theory of management because we can learn something from it. What I am saying is that following that theory 100 percent will destroy the strength in things Japanese. At this juncture, it is necessary for us to fully verify where our strength lies. With the full realization of our national characteristics and economic strength, we have to decide whether to compete with Europe and the United States with these strengths or to introduce new technology. In my opinion this sort of attitude is necessary.

At the same time it is also necessary to realize what our weaknesses are and to change them. Not only realizing the weaknesses, but realizing strengths should be done in a pragmatic manner.

Schmigro [name as transliterated], a Belgian economist, points out the characteristic of Japan's capitalism as "strategic pragmatism," in the book that he coauthored with his wife entitled: "Strategic Pragmatism," published by Toyo Keizai Shimpō, Ltd. I thought it was an excellent expression in point. In short, Japan's economy and business world were managed by strategic pragmatism. That was the source of Japan's strength and Japan's pliable organizations had backed up that strategic pragmatism.

I repeat that stiffened organizations must be made pliable. It can be called administrative reform if the administration does it. Big private organizations have to undergo reform to make them more pliable and these can be called organizational reforms. Certainly these reforms are intended as a response to rapidly progressing globalization. But such responses are not as simple as they are said to be. As globalization progresses on one hand, problems such as the destruction of the environment and the breakdown of communities spring up on the other. So it is essential to set up organizations that can respond well to such forks in the path.

Risks Globalization Brings About

There is a colossal wave of globalization and on that wave is an information revolution or computer revolution. I think that this globalization trend can no longer be denied. It is true that a media revolution headed by computers has brought about a situation in which enterprises that lack access to information can no longer survive. Now such a world is in the making that no enterprises can survive unless they respond in real time to the flow of information at all times by participating in the Internet and so on. Apart from the good or bad of such a world for human beings, virtual reality in computers and media has begun to control business in reality.

Media's virtual reality has been created as an overlay on top of nature and the urban space of human society. In such a three-tier society, the economy is quickly drifting toward virtual reality. A typical example is the world of the exchange market with which I am associated. Work involving exchange or monetary matters can no longer be accomplished without computers. Colossal systems are firmly established and they are at work 24 hours a day. Businessmen, at least, cannot say that they hate such a world. Philosophers or men of thought can refuse such a world and go into the mountains to watch

such a world collapse. The truth is that this system has many very unstable parts and could potentially collapse. Refusing such a world may be one standpoint for a man of thought and I even think that Takeshi Umehara is right in a sense to insist on a return to the Jomon period. For an administrator like myself, thinking that way means to quit working. Unless one quits work, one has to live along with the waves of globalization. At least, the business world, the bureaucratic world, or the political world have to respond to such a world.

On the other hand, globalization has wrought many harmful effects in connection with the environment and with social stability. It is a conspicuous development in the United States that the middle class is begging to fall down and that rural communities are gradually reduced to mere skeletons. In short, you must go along with globalization but there is a problem of how to cope with shadows of globalization or the shadows of media space. Solving that problem is very difficult.

Globalization is not a panacea. But one can be left out of the world currents in the short run unless one does not take part in globalization. What I meant by the short run is 10 to 20 years. It may be considerably different to look at it in terms of a 100 or 200 year span, because the system itself might have collapsed by then. We have no option but to ride the wave if things are looked at in terms of a 10 to 20 year span. The field I am in has seen a technology and information transformation, it is a colossal financial world where regulations have been relaxed. This kind of world can produce a big market on one hand but is highly risky on the other. Therefore, how to manage risks becomes a highly important problem.

Extremely rough, uninformed persons say that everything will go smoothly with deregulation. Deregulation, however, brings along with it very high risks, posing difficult problems about how to manage these risks. It is not only confined to the financial sphere, but to all other areas as well. Deregulation is always accompanied by the management of new-born risks. Technocrats have to deal with both at the same time.

Of course, there are fields that can be left out of deregulation and also fields that must not be deregulated. But there are fields that cannot take part in colossal globalization unless deregulated. In terms of the response to globalization, deregulation is a must. In order to meet increasing risks, the way to cope with them should be worked out in advance. Deregulation must not be enforced when no way of response could be worked out. In case of banks, those that cannot respond to globalization should not go international but do business exclusively within the country. Only those that can respond

to the situation should be concerned with international dealings.

Generally speaking, Japan must respond to globalization in various fields, because it cannot close the country as a whole to the outside world.

For that purpose, Japan has to clear the standards of Europe and the United States. In other words, it must take part in the information and media revolutions. Its side effects include shouldering large risks, a big dilemma. Technocrats face the problem of how to solve that dilemma.

Technology and Information Are Vital to Technocrats

Technocrats, who are destined to be gripped by such dilemmas, are required first of all to master technical know how in order to get through the difficulty. Technocrats can no longer exist if they are repulsed by new information or new media. Many people react negatively when they hear such words of foreign origin as multimedia, computers, PC's, and Internet. This must be remedied. By the way, Japan has to catch up in the field of information. Japan is never in the situation to boast in the fields of software or media. The technology in these fields must be mastered in order to catch up. A problem is whether such efforts should be made individually or by organization. Although it is not necessary for everybody to engage in the efforts, it is absolutely necessary for somebody to master it so that their organizations will be able to respond to the world movement.

A sort of respect for such technology traditionally existed in Japan after the Meiji era, or possibly before it. I insist that a respect for technology should be solidly upheld. When organizations become stiff, they tend to make light of specialists, with a tendency to think little of special technology. At this juncture, it is no good and it is dangerous. In short, an attitude to respect specialists is important. In retrospect, such a practice is what the Japanese have been doing. Since the Meiji era, the Japanese have mastered technologies developed in Europe and the United States and succeeded in making the best of such technologies which resulted in Japan's economic development.

Next comes the necessity for us to become more sensitive toward information. Globalization is an informational revolution and information has become extremely important. One can carry out a considerable amount of business by obtaining information different from others. Software for computer use includes software-related information, but various other information has become important. Indispensable information for businessmen

includes, for example, a full grasp of the situation in China or central Asia. In this connection, such information has added value. In order to attach importance to information, organizations are required to nurture diversity within them. Information cannot be obtained unless organizations include versatile people. In the past, the Japanese have held hardware technology in high regard. With the help of such hardware technology, Japan has been able to achieve high economic growth. Postwar Japan, however, has had miserably poor access to information.

I previously mentioned that the Japanese have no concept of information security (in the June 1994 issue of HATSUGENSHA under the title: "Information Security and the Nation So Tamed Through Peace"). If you know how important information is, you can decide whether a certain piece of information can ever be leaked or should be immediately made public. Making information public or putting a tight lid on information can be done only when you know the value of such information. In this connection, the importance of appraising information will further increase from now on.

Hereafter, Japan has to take "information security" into consideration. Because it has been peaceful since the end of World War Two, Japan has forgotten this. At war, there are cases when victory or defeat depends on a piece of information. Information is regarded highly when a nation is at war, but in peacetime, the value of information is not noticed as easily. The value of relevant information becomes extraordinarily high when enterprises are in competition. In the case of Japan, appraisal of overseas information has generally been neglected because it has not highly regarded information on national security and so on.

The fact that the Japanese mass media is still extraordinarily superficial in its discussion seems to derive from a lack of information. Mass media that are supposed to deal with information have no information on their own. For example, their overseas information is mostly about the United States. No information about Europe, Islamic societies, or the Latin-American situation is available in Japan.

That is why discussion of internationalization in Japan is extraordinarily shallow, I think.

In the first place, the Japanese make little effort to obtain foreign information. Japan has fewer government officials working overseas, including those from the Foreign Ministry, than other countries and a small number of them are engaged in international affairs. Other than government officials, a very small number of private Japanese are overseas and they are concentrated

in such cities as New York, Los Angeles, Hong Kong, and so on. They are not scattered over various areas. Most of them are spending their leisure time overseas and a very few people either work or live in foreign countries. Business firms have technocrats in various areas overseas, but these technocrats often complain that their companies are getting stiff in view of organization. For example, the Mistui & Co., Ltd. of old days had plenty of information, almost equivalent to that held by the then-military authorities. During the Russo-Japanese War, the firm cornered coal in Africa to hold in check the Russian Fleet on an expeditionary mission. This shows that business firms had been a kind of information industry, but nowadays the data power of business firms has become weak.

Readiness To Cope With Danger Emanating From the Information Network If a future Japan is to lose an international competition in the globalized economy, the defeat will come in an information war. The defeat in World War Two was largely due to a series of defeats in the information war. Similar developments are taking place in present-day Japan. In short, Japan has no information, especially international information. The United States seems to be understood well, but few people actually have accurate information on that country. Everybody has stereotyped, ideology-oriented information.

How much do those people who profess that the United States is good know about that country's realities? How much do those who say that China is a great country know China's realities? I am afraid that their knowledge must be sparingly scarce to my regret. It is similar in connection with Europe. It poses a great danger if Japan does not seriously consider methods of obtaining information in the globalized world. This is not confined to government offices, but also extends to private enterprises.

Take the number of students studying abroad, for example. Japan has one-tenth of the number of American students abroad. Chinese-Americans are the backbone of the United States's extraordinary strength in Asia. They are Chinese with U.S. citizenship and serve as a liaison channel between the United States and China. As an island nation, Japan has very small number of bi-nationals. Japan has not been admitting immigrants and there are no overseas Japanese. In the future, these factors will contribute to Japan's weaknesses. To prevent such things from happening, internationalization must be propelled in the form of Japanese going abroad and taking up residence. They will be an information source and make a very important contribution to management or the nation's policymaking. In the future, the impor-

tant thing for Japan is how to obtain good information and how to use it strategically.

It used to be enough to have introduced good technology, refined it, and built good factories to produce fine-quality products. In the information-oriented society, the situation is different in that work is done through the smart utilization of information systems and by introducing as much information on software as possible. At present, a very important aspect is how to adapt oneself to that situation. I think it is extremely important to change systems for that adaptation. It could well be called reform. I have no intention whatsoever to say all reforms or changes are unpardonable, but one thing must be borne in mind: By importing versatile information we can survive in such a world, but no ideologies should be imported. If ideologies are imported, no information will become available. Because ideologies will stop incompatible information from becoming available, they are dangerous.

In my opinion, the Japanese people are essentially not accustomed to ideologies. The number of Marxists could not go beyond a certain percentage, nor could Japan's Christians. The Japanese people as a whole are polytheistic with a pragmatic way of thinking, and the Japanese will lose their strength if they are devoid of that characteristic. In Japan there is the Hagakure-type ethics of Bushido and merchant's ethics and so on. But basically, Japan's way of doing things is based on polytheism and pragmatism and they are, together, the pattern leading to successes. If it is controlled by ideologies, Japan will be reduced to a second or third-rate nation, forcing its companies to become second or third-rate enterprises.

1996 Can Be the Year To Get Rid of Recession

In connection with getting rid of recession, it is important for Japan to restore its pliability and make full use of its present strength of organization to overcome the stagnant economy. Japan is a country with amicable labor-management relations. A way out should be sought with full utilization of such good relations between labor and management. I disagree absolutely with those who advocate that managers' original stance should be dismissing or laying off their employees. It is a question of management to overcome the current recession by cleverly utilizing such given situations and conditions.

For that purpose, Japan has to get out of the prevalent masochistic trend. For the past several years, nobody felt strange when it was said that we were no good and Japan's management was hopeless. All technocrats have become pessimistic. There were in the past both optimistic and pessimistic views on any subject. However

stagnant the economy was, there were optimistic people. These days, on the contrary, all 100 million Japanese people are pessimists. Excepting consumers and low-brow people in good spirits, all company managers, politicians and bureaucrats have become pessimists. We have to find a solution to the recession by changing their psychology first of all.

Business conditions or markets depend to a considerable extent on people's way of thinking. In the exchange market, to which I am related, the yen quotation will become high when everybody thinks that the yen is high. With the same reasoning, if everybody thinks Japan's economy is hopeless, it will really become hopeless. The economy or market is a sort of living creature and the situation will change considerably according to how technocrats within that living creature think.

In my opinion, the economy will improve considerably if technocrats brace themselves up and start to think in a strategic sense by correctly assessing their own strength. In short, a realistic strategy for economic recovery is for the technocrats to brace themselves up. On the contrary, technocrats are mutually dragging their counterparts down and smearing others with scandalous topics through mass media. Now is not the time to indulge in such acts. Now is the time for everybody to work. On top of it, it is necessary for us to have extremely cool analytical power and strategic planning and look at the present state of affairs with penetrating eyes. As already explained, the situation is considerably difficult. But it is not only so for Japan, but also for the world as well. Japan cannot be the only country that is unable to overcome that difficulty.

I am in full agreement with Minister Ryutaro Hashimoto of the Ministry of International Trade and Industry who called on Japan to "Brace Yourself Up, the Japanese Economy." I urge, "Brace yourself up, the Japanese people," and "Cheer up, Japanese technocrats," to make the economy of 1996 a cheerful one. In order to respond to a new environment, many things have to be changed and it is better to change them. At the same time, many things have to be adhered to and we have to be loyal to them. I am not saying that nothing has to be changed, nor that everything has to be destroyed. Pragmatism works, and is strategic. It is extremely important to decide what to change and what to preserve from both strategic and pragmatic viewpoints. In connection with performing the duties of technocrats, cool eyes are needed to see the realities and vitality is needed to get things done.

If that can be done, I think the Japanese economy in 1996 will improve considerably. So far, quite a number of measures have been launched. The U.S. dollar-yen

exchange rate has come back to the general level of 100 to one. In monetary policies, interest rates are kept low. In finance, a considerable amount of financial investments and loans have been made available at the expense of increased deficit-financed national bonds. Remaining to be dealt with is the problem of the monetary system. If positive and decisive measures are taken in this connection, there will be no measures left to be launched policywise.

Situations tend to change drastically when a different viewpoint is adopted. Cries about the high-yen crisis have changed the situation by applying a little pressure. The market has such a character that the current recession can be overcome by strategic and pragmatic thinking. At any rate, we technocrats have to brace ourselves up and work positively. That is important in my opinion.

North Korea

DPRK Radio Denounces U.S. East Asia Strategy

SK2201115596 *Pyongyang Korean Central
Broadcasting Network in Korean*
0855 GMT 22 Jan 96

[Commentary from the 22 January edition of NODONG SINMUN: "To Become a Ruler in Asia"]

[FBIS Translated Text] The United States is raving about the so-called threat from North Korea and the threat from China; is building up its arms and conducting war exercises on the Korean peninsula and the surrounding areas; and is increasing the formation of a triangular military alliance between the United States, Japan, and South Korea.

As has been reported, under the pretext of someone's threat, the United States has announced plans to deploy in South Korea an additional 3,000 U.S. Army troops, a brigade-strength unit, and is pushing ahead with the plan. At the same time, the United States is planning to bring B-52 and B-1 strategic nuclear bombers to South Korea next month to conduct a nuclear war exercise.

The United States is also planning to conduct the Keen Edge-96 joint military exercise in Japan along with the mobilization of such huge armed forces as the Japanese Self-Defense Forces and the U.S. commands of the three services in Japan, the U.S. 3rd Marine Expeditionary Force based in Okinawa, and the U.S. Army 1st Corps on the mainland. Moves for a military conspiracy and collusion between Japan and South Korea, and between the United States and South Korea, are no longer disguised.

Such military moves by the United States reveal that although the United States pays lip service to peace and

detente on the Korean peninsula and the surrounding areas, it invariably seeks its design to crush the DPRK.

The United States does not want peace and detente on the Korean peninsula. The belligerent circles in the United States have never abandoned their wild ambition to crush the DPRK. Thus, the United States is staging a commotion regarding the nuclear threat, contrary to its promise when it signed the agreement on providing light-water reactors, which was based on the DPRK-U.S. framework agreement, and despite the working project being in progress.

The United States is raving about the fictitious threat from North Korea to justify its anti-DPRK military maneuvers.

All military threats on the Korean peninsula and the surrounding areas come from the military presence of the United States. To dominate the world by force [segyerul himuro chepaehae poryonungosun] is an invariable ambition of the United States.

The United States is trying to realize world domination by force [hime uihan segye chibaerul sirhyon haryohagoitta], availing itself of the collapse of the equilibrium of forces in the international arena following the end of the Cold War. Its main target is East Asia.

The U.S. East Asian strategy that comes from these strategic interests. Thus, the United States schemes to permanently station in the area its forces of 100,000 under the pretext of preventing threats and expansion from China and its surrounding countries.

In a nutshell, the United States plans to control [chwirak pyorak haryohago itta] other nations as the sole dominator [yuil chibaeja] in this area. All U.S. military moves serve to realize this ambition.

U.S. attempts to monopolize military domination in Asia cannot be concealed nor achieved under any circumstances. The more the United States tries to crush our Republic by force, the more will the true colors of the United States as an aggressor and the enemy of peace be revealed; it will only arouse anti-U.S. sentiment among the peace-loving people of the world.

If the United States moves for genuine peace and detente on the Korean peninsula and the surrounding areas, it would be in the interest of the United States.

**DPRK Commentary Deplores U.S.-ROK
Antisubmarine Drill***SK2301052396 Pyongyang KCNA in English
0507 GMT 23 Jan 96*

["MINJU CHOSON on U.S.-South Korea Anti-Submarine Drill" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 23 (KCNA) — MINJU CHOSON today comments on the joint anti-submarine drill being staged by the United States and South Korea in the West Sea of Korea according to the war "scenario" against the DPRK. The author of the commentary titled "War Game at a Very Dangerous Phase" says:

This military drill shows that preparations of the United States and the South Korean puppets for a new war against the DPRK have entered a very dangerous phase.

The U.S. military and the South Korean puppets are vociferating about the "threats from the North," alleging that their military drill is aimed at "keeping the North from infiltrating into the South." However, this is an artifice to pour filth on the DPRK and cover up their bellicose nature.

If the United States is truly interested in peace in Korea, it must not engage itself in an adventurous war manoeuvre but respond to the DPRK's just proposals as soon as possible. This will not only have a good influence on the implementation of the agreed framework between the DPRK and the United States but also conform with U.S. interests.

The Kim Yong-sam group, a "shock brigade" in the execution of the U.S. Korea policy, are hell bent on frantic provocation moves against the North in a bid to find a way out of their serious crisis caused by the secret fund scandal. However, the frantic war game they are holding with outside forces will result in their own destruction. The Kim Yong-sam group must clearly know this and stop running riot.

DPRK Accuses U.S. of 'Provocative War Exercise'*SK2301050796 Pyongyang KCNA in English
0456 GMT 23 Jan 96*

["Frantic War Exercise Against North" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 23 (KCNA) — The U.S. imperialist warmaniacs carried out a provocative war exercise against the northern half of Korea in the sea and sky and on the ground of South Korea in league with the South Korean puppets over January 19-21, according to military sources.

"P-3" patrol planes were detecting and spotting objects under water, while supporting the provocative exercise for combined anti-submarine offensive operation against the northern half of Korea in the West Sea of South Korea [Yellow Sea].

An "RC-135" strategic reconnaissance plane conducted electronic and photographing espionage on the North's front and in-depth areas in the sky, flying along the Military Demarcation Line (MDL).

During the period, the U.S. imperialist warmaniacs and the South Korean puppets let more than 740 fighters fly for the large-scale joint aerial war exercise.

In another development, the South Korean puppets kicked up a frenzy of northward invasion, firing about 400 shells and 800 automatic rifle bullets in the forefront areas.

If the U.S. imperialists and the Kim Yong-sam group dare to ignite a war, they will receive a thousand-fold retaliatory blow.

DPRK Radio Denounces ROK's Kim Yong-sam*SK2301062396 Pyongyang Korean Central
Broadcasting Network in Korean
0754 GMT 19 Jan 96*

[Unattributed talk: "They Must Blow Up Chongwadae, a Den of Thieves"]

[FBIS Translated Text] Currently, the South Korean people are all the more raising voices of cursing and denouncing Chongwadae [presidential offices] where traitor Kim Yong-sam, who is the accomplice of traitor No Tae-u's secret fund scandal, has built a nest. It has been almost 60 years since Chongwadae came into being in South Korea; of those who lived there, however, there was not even one fellow who lived a long life without difficulty.

Also, all of the past puppet ruling bunch were indulged in their own greed for power and self-interest; thus, they were thieves who did nothing but carry out irregularities and corrupt acts. However, there was no vicious ringleader of thieves like traitor Kim Yong-sam.

At an early period, being blinded by power and money, he moved from the ruling party to the opposition party, and again to the ruling party. He moved here and there, calling for democracy in the front while marrying a dictator for political reasons behind the scenes. He also received the dictator's black money. Therefore, the political quack who even obtained the dirty nicknames—a politician playing with fire for shabby power and a cat which ate rat poison—is no other than traitor Kim Yong-sam.

With the democratic movement upsurging in South Korea and the military dictatorship falling into a crisis, traitor Kim Yong-sam who is as crafty as an old fox, had even gone on a hunger strike shouting for the overthrow of the military dictatorship and for his resolution to die for democracy. Nevertheless, in the end he swallowed up the black money No Tae-u threw at him and squeezed himself into the blankets of the military fascist dictatorship.

After the merger of the three parties, traitor Kim Yong-sam who was left only with his minority faction—the Democratic Party circle—became a candidate of the Democratic Liberal Party to run for the presidency by defeating the majority faction—the Democratic Justice Party circle. This was because of No Tae-u's enormous power and money.

As was clearly revealed in traitor No Tae-u's secret fund scandal, during the fraudulent election campaign to overturn the president's base of operations, traitor Kim Yong-sam wholly showed the temperament of a ringleader of thieves. At that time, he spent an enormous amount of money in excess of as much as 1 trillion won — that is hundreds of billions of won in a secret fund which No Tae-u drew out by threatening, blackmailing, pacifying, and deceiving the comprador clan by abusing power; an enormous amount of illegally accumulated fund which were obtained through private loans and real estate speculations; and tax stolen from the people's blood and sweat.

After taking power, while guaranteeing No Tae-u's safety after his retirement from service, traitor Kim Yong-sam once again received hundreds of billions of won from No, who gave the money under the pretext of congratulating Kim's presidency and undertaking the regime. As such, the secret fund which traitor Kim Yong-sam received from No Tae-u amounts to 935 billion won.

Nevertheless, while making an announcement on the result of the interim investigation regarding the secret fund scandal, the puppet prosecution did not even mention a word about traitor Kim Yong-sam's presidential election fund of which the South Korean people have been demanding to reveal its whole truth. The puppet prosecution even openly babbled that even though matters concerning the presidential election fund are revealed, it will by no means be officially announced.

This is an intolerable mockery and defilement against the South Korean people who are strongly demanding that all of the secret fund which traitor Kim Yong-sam received from traitor No Tae-u must be revealed and appear before the trial of history.

Kim Yong-sam enjoyed calligraphy, especially the phrase meaning that there is no door in the main road to carry out great achievements. Today, when his true color as a top grade ringleader of thieves has been revealed, there are rumors that the phrase should be interpreted as where a big thief goes, there is no door.

The people will by all means throw away traitor Kim Yong-sam, who has become the target of denunciation, criticism, and hatred among the South Korean people, into the wastebasket of history and blow up Chong-wadae, a den of thieves.

ROK Patriotic Society Urges Overthrow of Kim Yong-sam

*SK2201150396 Pyongyang KCNA in English
0901 GMT 22 Jan 96*

[FBIS Transcribed Text] Pyongyang, January 22 (KCNA) — Kim Chol-ung, chairman of the Patriotic Fellowship Society for Realizing Justice in South Korea, called upon the entire nation to unite and wage struggle to topple Kim Yong-sam, an accomplice in No Tae-u's "slush fund scandal" and a special-class kingpin of thieves, and to build a bright democratic society in which the justice is embodied, according to a Seoul-based radio Voice of National Salvation.

In an article revealing the craftiness of the traitor Kim Yong-sam, Kim Chol-ung stressed that the present time, when Kim Yong-sam is floundering, finding himself in the mire of No Tae-u's "slush fund scandal" with the 15th "general election" at hand is a golden opportunity to eliminate the deep-rooted corrupt structure of South Korea and give a punishment of history to the hatred politics of colonial fascist dictatorship.

The nation should be cautious at present not to slacken or stop the struggle for probing the truth behind the slush fund, embroiled in the political situation of the "general election", he said.

DPRK: Atomic Energy Delegation Arrives for Discussions

*SK2301103896 Pyongyang KCNA in English
1032 GMT 23 Jan 96*

[“KCNA Reports Fourth IAEA Delegation Here” — KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 23 (KCNA) — The fourth delegation of the International Atomic Energy Agency [IAEA] arrived here today to discuss matters concerning the frozen nuclear facilities under the DPRK-U.S. agreed framework.

ROK Demonstrators Demand Punishment for 1979-80 Events*SK2201053096 Pyongyang KCNA in English
0452 GMT 22 Jan 96*

[FBIS Transcribed Text] Pyongyang, January 22 (KCNA) — The National Alliance for Democracy and Reunification (Chongukyonhap) rallied and demonstrated on January 20 in Seoul demanding the punishment of all of those involved in the December 12 incident and the May 18 massacre, a Seoul-based radio said.

The ralliers, some 500 citizens and students, denounced the murderers of Kwangju uprisers for trying to justify their crimes regardless of the truth of history, urging the puppet authorities to make a full investigation into the incident and the massacre.

DPRK: WPK Secretary Meets With Japanese Legislative Member*SK1901104996 Pyongyang KCNA in English
1032 GMT 19 Jan 96*

[FBIS Transcribed Text] Pyongyang, January 19 (KCNA) — Secretary of the Central Committee of the Workers' Party of Korea Kim Yong-sun, who is chairman of the Korean Asia-Pacific Peace Committee, today met and had a friendly talk with Akiko Tomoto, member of the House of Councillors of Japan, and her party.

DPRK Article Asserts Collectivism Dictates Success of Socialism*962C0006B Pyongyang MINJU CHOSON in Korean
29 Sep 95 p2*

[Article by Han Song-il: "To Arm Firmly with Collectivism Is a Requirement for Consolidating and Developing Our Way of Socialism"]

[FBIS Translated Text] One of the important tasks facing us in defending, adhering to, consolidating, and developing our way of socialism centered on the masses—which the respected and beloved leader Comrade Kim Il-song founded and which the great leader [yongdoja] Comrade Kim Chong-il is adding luster to—is to arm our functionaries and working people more firmly with collectivism.

The great leader [yongdoja] Comrade Kim Chong-il pointed out as follows:

"Success or failure of socialism can be said to depend on how it embodies collectivism. To firmly arm all members of the society with the collectivist spirit and to thoroughly embody the collectivist principle in all realms of social relationships, management,

and life is the basic guarantee for developing and consummating socialism."

In short, collectivism attaches greater importance to the collective interests than the individual.

Essentially, it is an inherent demand of man.

Man, a social being, can survive and develop only by forming, and casting his lot with, social collectives. No man can live or do anything in isolation. Since all humans are social beings forming social relationships and living in social collectives, collectivism represents their inherent demand.

It is indeed an inherent demand of all human beings, but collectivism can never become a reality in the capitalist society, which is based on individualism. In the capitalist society where the collective interests and the individual interests are pitted against each other, the latter superseding the former, and where individualism reigns, all human relationships revolve around money, and the law of the jungle prevails in the society. In the capitalist society dominated by individual egoism, the inherent demand of man for life based on collectivism can never be met, and healthy developments of the state and society are inconceivable.

Collectivism is the basis of the socialist society. It is only in the socialist society that the collectivist demand of man can be thoroughly embodied. It is because socialism itself means a society standing on collectivism, a society where capitalist or private ownership of the means of production has been abolished and collective or social ownership established in its place.

Individual egoism, as opposed to collectivism, absolutely cannot be tolerated in the socialist society. Collectivism and individual egoism contradict each other. Collectivism is in essence a socialist ideology while individual egoism is a capitalist one. The struggle between socialism and capitalism is precisely the struggle between collectivism and individualism; the superiority of socialism over capitalism is the superiority of collectivism over individualism. Success of socialism depends on how collectivism is embodied. If the task of being firmly armed with collectivism should be belittled at all, it will lead to the revival of individual egoism, the most dangerous poison gnawing at socialism; as a result, socialism would be smitten with diseases to the very foundation which would result in chaos and disorder prevailing in society, and in the end no countries—however powerful economically and militarily—could continue with socialism. The experience of socialist construction in our country and the lesson of blood shed in countries where socialism has collapsed show how important it

is for socialism to arm all people with collectivism in defending and continuing to add luster to socialism.

To arm all members of the society firmly with collectivism is an important requirement for consolidating and developing our way of socialism.

The reason, first of all, is: It constitutes a guarantee for strengthening the *chuche* of the socialist society and for enhancing its functions.

Socialist society is a society in which the masses are the masters and which develops by their creative resources. The masses unite as comrades, and they struggle with high self-awareness and capabilities as masters. Herein lies the essence of the socialist society, distinguishing it from all the capitalist societies, and the motive behind development. Advancing socialism victoriously depends, after all, on how the *chuche* of the revolution is strengthened, a task that can be accomplished successfully when the masses come together and unite on the basis of collectivism.

Collectivism brings people to band together solidly into a sociopolitical life centering on the leader [*suryong*] and under the leadership of the party. Collectivism, attaching importance to the interests of the society and the collective, brings people to fully display their faithfulness to the party and the leader, to build firmly into their faith the revolutionary ideology set forth by the leader—the center of the sociopolitical life—and carry it through thoroughly, and to keep on upholding the lines and policies of the party, which are the guiding force of the socialist society. It also brings all members of the society to add luster to their sociopolitical life through the revolutionary organizational life, uniting the leader, the party, and the masses firmly, organizationally and ideologically.

Collectivism is the ideological basis that unites people not only organizationally and ideologically but in terms of revolutionary camaraderie and ethics as well. Only by arming people firmly with collectivism is it possible to saturate the collectives with the true human relationships of cherishing and loving, helping and leading one another, the relationships of revolutionary camaraderie and ethics. Only by doing so is it possible to lead all people to view socialism, which enhances the dignity of man, as their life, and to keep it engraved on their hearts as faith and obligation for them to devote all their loyalty to the party and the leader, who bestowed the precious life and happiness on them. It thus becomes possible to establish the healthy, revolutionary life ethos in the whole society, to put the relationships between the collective and individuals and those between the leader and warriors, onto a lofty plane based on morality and ethics and bound by kindred ties, and to get the

masses to firmly unite in a sociopolitical life around the party and the leader and fully demonstrate their inexhaustible strength and wisdom. Through all this, collectivism makes it possible to strengthen the *chuche* of the revolution and enhance its role, and thereby to achieve the ceaseless consolidation and development of the socialist society.

Another reason why arming all members of the society firmly with collectivism is an important requirement in consolidating and developing our way of socialism is: It constitutes a guarantee for strengthening and solidifying the economic foundations of socialism.

The economy provides the material basis of social life. And the socialist economy based on socialist ownership of the means of production is a collectivist economy. A society not based on the collectivist economy cannot be called a socialist society. The socialist economy, based on its inherent demand like this, requires that the working people do their work voluntarily for the society and collective, and that the economy be managed and operated on the collectivist principle, and by the socialist method. If the collectivist principle and method is adhered to in managing and operating the socialist economy to accelerate economic construction, and to ensure an affluent, civilized livelihood for the people, it is possible to keep on giving full play to the traction and superiority of socialism absolutely unperturbed by any blockade maneuvers by enemies.

To manage and operate the socialist economy by the collectivist method, it is necessary to thoroughly overcome vestiges of the old society remaining in socioeconomic relations and in various realms of social life; to that end, functionaries and the working people, as masters of the socialist economy, must arm themselves firmly with collectivism.

Collectivism leads people to resolve all tasks confronting them in the economic life in a responsible manner, with high self-awareness as masters of socialist construction, and with an attitude worthy of masters. Therefore, only when people are armed firmly with collectivism will they come to treasure socialist ownership, do away with particularism, and cherish and care for social and state property, making it a rule to give priority to the general interests of the society and state. They will come to devote themselves to the fulfillment of the assigned revolutionary duties with a high sense of responsibility, striving to overfulfill production plans by the day, by the month, by the quarter, and by the indicators without fail, and to still ensure the quality of products at the highest levels.

Collectivism also leads the masses to bring their creativity into full play, generating collective innovations

in all sectors of production and construction. Although creativity is one of the inherent characteristics of the masses, it does not come by itself. Only when the masses are firmly armed with collectivism do they come to display it to the full. Only when functionaries and the working people firmly arm themselves with collectivism is it possible for them to bring their creativity, initiative, and self-sacrificing spirit into full play in the management and operations of the socialist economy, generating uninterrupted upsurges in production and construction. Also, in respect to the tasks of solving scientific and technological problems arising in socialist economic construction through the strengthening of the creative cooperation among scientists, engineers, and producers, and of stepping up the mass technical innovation movements vigorously, their resolutions are inconceivable away from the work of arming people with collectivism. Only by arming people firmly with collectivism is it possible to manage and operate the economy in consistency with the intrinsic demands of the socialist society, to bring on creative joint innovations and feats in all sectors and units of the people's economy, to build up the material and technological foundations of socialism solidly, and to consolidate and develop the socialist economic relationships ceaselessly.

The entire course of our revolution, which has advanced dynamically along the one road of victory and glory under the leadership of the party and the leader, offers positive proof that collectivism precisely is the life of our way of socialism, and that socialism is protected and defended tenaciously, and consolidated and developed endlessly, only when all members of the society are armed firmly with collectivism.

All functionaries and the working people should study in-depth, master, and embody thoroughly in their actual life the ideology and theory of our party on arming people firmly with collectivism, and, by doing so, further consolidate and develop our way of socialism centered on the masses.

DPRK Liberation War Heroes Feats Noted, Praised
SK2301102696 Pyongyang KCNA in English
1011 GMT 23 Jan 96

[FBIS Transcribed Text] Pyongyang, January 23 (KCNA) — The feats performed by the participants in the fatherland liberation war, a hard-fought, sacred war for the defence of the freedom and independence of the country, shine along with socialist Korea.

The great leader Comrade Kim Chong-il said:

"In the fierce fighting to decide the destiny of the country, our People's Army and people defeated the

U.S. imperialist invaders and defended the freedom and independence of the country with honour."

The participants in the fatherland liberation war performed so great feats that they will shine long in history of the country, under the wise guidance of the great leader President Kim Il-song.

The fatherland liberation war (June 25, 1950-July 27, 1953) was a great revolutionary war of weighty importance in history of the world, in which the Korean people repulsed the invasion by the Armed Forces from the United States and its 15 satellite countries and defended their country through all-people heroic struggle.

The United States hurled into the Korean war more than 2 million troops of three services, including the South Korean puppet army with sophisticated technology, military spendings amounting to some 20 billion U.S. dollars and more than 73 million tons of war materiel.

The People's Army soldiers destroyed the enemy's tanks and warships at the cost of their lives and blocked the enemy's gun muzzles with their bodies for the victory in the fierce battles. Among the valiant fighters were Yi Su-pok, a hero of the DPRK, who guaranteed the advance of his unit by blocking the enemy's gun muzzle with his body at the age of 18 in a battle on height 1211; the defenders of Wolmi Island who had only four guns and numbered no more than a company, but fought a heroic fight against the enemy equipped with 1,000 war planes, some 300 warships and about 50,000 troops; and Kim Ki-u, twice hero of the DPRK, who shot down 11 enemy planes with a heavy machine gun in the plane-hunter team movement, the first of its kind in history.

The people in the rear turned out in a struggle to help the People's Army soldiers in the front.

Due to the struggle of the heroic Korean People's Army and the people the United States suffered the most ignominious political, military and moral defeat in the history of its aggressive wars.

Many guard units and hundreds of heroes and heroines of the DPRK, labour heroes and heroines were produced and nearly one million received state decorations during the war.

Comrade Kim Chong-il, supreme commander of the Korean People's Army, highly praises and exalts the great achievements gained by the participants in the fatherland liberation war in their noble struggle for the defence of the country.

There are the museum of the victorious fatherland liberation war and the monument to the victory in

the fatherland liberation war in Pyongyang. Statues of patriotic martyrs and heroic soldiers have been erected in different parts of the country and the hometowns and old schools of the heroic soldiers have been named after them.

DPRK Emphasizes Value of 'Mental,' 'Moral' Heritage

SK2301103596 Pyongyang KCNA in English
0849 GMT 23 Jan 96

["Mental and Moral Heritage for Posterity" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 23 (KCNA) — The great leader Comrade Kim Chong-il in his famous work "Respecting the Forerunners of the Revolution Is a Noble Moral Obligation of Revolutionaries" expounded that the most valuable heritage the revolutionary predecessors should hand down to their successors is their mental and moral heritage.

NODONG SINMUN today carries an article contributed by Prof. and Dr. Kim Chol in this connection.

The article quotes Comrade Kim Chong-il as saying:

"The most valuable heritage that the revolutionary predecessors should hand down to their successors is their mental and moral heritage."

The author of the article writes:

The mental and moral heritage of the preceding generation of the revolution such as unfailingly loyalty to the party and the leader, devoted service to the revolutionary cause and the indomitable fighting spirit is the most valuable one which the elder generation should hand down to their posterity and which the successors should take over from their predecessors.

The heritage, which ensures the successful inheritance of the lifeline of socialism and which protects the happiness of posterity, can be said to be the most valuable heritage.

The elder generation of the revolution should bequeath a rich material world to their posterity. But what is more important is to hand over valuable mental and moral heritage to them.

The inheritance of the revolutionary cause is, in essence, the inheritance of idea, mentality and morality.

In the whole period from its outset, the socialist cause makes a triumphant advance and arrives at its perfection on the strength of idea, mentality and morality.

When the elder generation fails to correctly hand over the mental and moral heritage to their posterity, the latter will play havoc with the material heritage no matter

how rich it may be. In the end, the latter will turn into poor slaves, being deprived of socialist gains by the imperialists. This is a historical lesson in the building of socialism.

Our people have been able to build such a powerful socialist state from the debris as it is today thanks to their political and ideological strength — singlehearted unity around the party and the leader.

The mental and moral heritage of the elder generation of the revolution does not go to their posterity of its own accord.

Comrade Kim Chong-il gained a lucid penetration into the influence of the mental and moral heritage on the implementation of the revolutionary cause which must be carried out generation after generation and on the future of the younger generation. On this basis, he directed close attention to the education of the younger generation so that they could learn the noble revolutionary spirit and the fighting traits of elder generations. He made sure that parents could correctly hand the mental and moral heritage down to their children, deeply considerate of the importance of the influence of families on the ideological and spiritual qualities and life of the young people and children.

As a result, the young people in Korea are devotedly working to bring socialism into fuller bloom, remaining true to the leadership of the party, and all the youths and children are growing up to be revolutionary vanguards boundlessly loyal to the party. This clearly proves the justness of the leadership of the great general Kim Chong-il, who defined long ago the mental and moral heritage as the valuable one which the elder generation of the revolution should hand over to their posterity and directed deep attention to the education of the younger generation.

DPRK Article Urges Efforts for Economic Independence

SK2301102996 Pyongyang KCNA in English
0841 GMT 23 Jan 96

["Economic Independence of Developing Countries and South-South Economic Order" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 23 (KCNA) — Developing countries should make strenuous efforts to find and develop active form and way of increasing the scope of South-South cooperation and making it prove more successful to meet the requirements of the situation so as to establish a new international economic order, that is, South-South economic order, said NODONG SINMUN in a signed article today.

The article quotes the Great Leader Kim Il-song as saying:

"Only when they are economically independent can the developing countries free their peoples from backwardness and poverty, starvation and disease, the consequences of imperialist colonial rule, and consolidate the political independence which they have already won."

The article further says:

If the developing countries are to get rid of their difficult lot and to build a new society, they should develop South-South cooperation based on the principle of collective self-reliance and establish a South-South economic order among the developing countries.

To establish a South-South economic order has become a more urgent matter because the international economic situation is against the developing countries.

South-South economic order is the economic cooperation order among the developing countries with the same lot and purpose. The order does not allow any one to exercise a privilege. It is based on the idea of helping one another on the principle of complete equality, mutual respect and mutual benefits. Under the order no side will unilaterally suffer a loss or gain profit.

Those with money donating money, those with technology and experience giving technology and experience and those with raw materials giving raw materials, the developing countries abundant manpower and material resources should conduct cooperation and exchange with one another on the principle of collective self-reliance [sentence as received]. Only then can they live by their own efforts and achieve common prosperity, without dependence on the Western countries.

The establishment of South-South economic order will enable the developing countries to increase their power in their action against and negotiations with the Western countries.

If the developing countries pool their strength and answer the team plunder by the West with the strategy of unity and cooperation, the leverage of exploitation by the imperialists will be narrowed and the old international economic order will not work any longer.

Many Statues, Busts of Martyrs, Heroes Erected in DPRK

SK2301100596 *Pyongyang KCNA in English*
0900 GMT 23 Jan 96

[FBIS Transcribed Text] Pyongyang, January 23 (KCNA) — Foreign visitors to the Democratic People's Republic of Korea happen to see statues and busts of martyrs and are guided to hometowns, schools and

working sites named after them in the capital city of Pyongyang and local areas.

More than 140 statues and busts of anti-Japanese revolutionary martyrs, patriotic martyrs, heroes and heroines have been erected throughout the country and hometowns, schools and working sites named after them total some 200.

The fact gives a glimpse of deep love and trust of the respected leader President Kim Il-song, a great man, for the people and politics of love and trust, benevolent politics of the great leader Comrade Kim Chong-il, incarnation of noble moral obligation.

Comrade Kim Chong-il said:

"Our party continues to glorify the socio-political integrity of the revolutionary and patriotic martyrs, and heroic fighters who performed brilliant feats in the different periods of our revolution, handing their accomplishments down to history."

President Kim Il-song and Comrade Kim Chong-il proposed the construction of cemeteries of revolutionary and [words indistinct] in Pyongyang.

The revolutionary martyrs cemetery was built on Chujak Peak of Mt. Taesong commanding a view of the city and the patriotic martyrs cemetery in a suburb of the city.

The revolutionary martyrs cemetery on Mt. Taesong was inaugurated on the occasion of the 30th anniversary of the Workers' Party of Korea [WPK] (October 1975) thanks to President Kim Il-song's deep love for the anti-Japanese revolutionary martyrs.

Ten years later, it was rebuilt and enlarged under the energetic leadership of Comrade Kim Chong-il in 1985 in which fell the 40th anniversary of the WPK.

Comrade Kim Chong-il saw to it that the busts stand against the background a flying red flag and the pedestal for placing floral tributes in front of the busts has in the centre a medal of the hero of the DPRK carved in relief, so that the socio-political integrity of the martyrs could remain shining with the medal of the DPRK hero under the red flag.

In the DPRK the anti-Japanese revolutionary martyrs are respected as the first generation of the Korean revolution and model revolutionaries.

A bust and statues of Comrade Kim Chong-suk, an indomitable communist revolutionary fighter and a heroine of the anti-Japanese struggle, stand in the cemetery on Mt. Taesong, in her hometown of Hoeryong and in Sinpa where she conducted underground activities in the period of the anti-Japanese struggle. And there are Kim

Chong-suk County, Kim Chong-suk University of Education, Kim Chong-suk Senior Middle School No. 1, Kim Chong-suk Sanatorium, Kim Chong-suk Nursery, etc.

Also seen in different parts of the country are statues and busts of Kim Hyong-kwon, Kim Chaek, Kang Kon and many other anti-Japanese revolutionary martyrs and universities and colleges named after Cha Kwang-su, O Chung-hup, Choe Hui-suk and other martyrs.

The martyrs will always live in the hearts of the Korean people under the deep love of Comrade Kim Chong-il, supreme incarnation of moral obligation who always takes good care of the anti-Japanese revolutionary veterans, the honorable first generation of the Korean revolution.

Kim Chong-il Work Affirms Role of Intellectuals

962C0006A *Pyongyang MINJU CHOSON in Korean*
20 Sep 95 p2

[Article by Choe Chong-hon: "A Historic Work That Generated a Turnaround in the Enhancement of the Role of Intellectuals"]

[FBIS Translated Text] Today we mark the fifth anniversary of the publication of the historic work by the great leader [yongdoja] Comrade Kim Chong-il, "Let Us Further Enhance the Role of Intellectuals in the Revolution and Construction." The occasion comes at a time when all the people in the country are vigorously stepping up the general march to celebrate the 50th anniversary of the founding of the party with high political fervor and brilliant labor results, holding aloft the slogans of the party Central Committee.

In the work, the great leader [yongdoja] Comrade Kim Chong-il clearly elucidated the fundamental issues confronting us in elevating the role of intellectuals in consistency with the requirement for achieving the cause of converting the whole society to the *chuche* ideology.

The work is a programmatic guiding principle that has brought about a new turnaround in the enhancement of the role of intellectuals by elevating it in consistency with the requirements reflecting the developing realities that surround our vigorous, ongoing struggle to defend, adhere to, and add luster to our way of socialism.

The great leader [yongdoja] Comrade Kim Chong-il pointed out as follows:

"Today our intellectuals are faced with the heavy but honorable duty to accelerate energetically the struggle to carry out the conversion of the whole society to the *chuche* ideology."

To resolve the intellectuals issue correctly is one of the important tasks confronting the working-class party in the struggle to realize the independent stand and attitude of the masses. The issue, in essence, relates to the position and role of intellectuals in the revolution and in construction. Therefore, how the questions about the position and role of intellectuals in the revolution and in construction are viewed, dealt with, and resolved will decide their destiny.

If it fails to be resolved correctly, intellectuals would be left with no self-awareness of their mission and responsibility, and unable to wage a positive struggle for the consolidation and development of the socialist system.

In the work, the great leader [yongdoja] Comrade Kim Chong-il, based on his deep insight into the importance of the position and role of intellectuals in the revolution and in construction, gave the creative elucidation that intellectuals occupy a position of their own as a component of the *chuche* of the revolution, and that they play the role of a driving force in revolutionary struggle and social development. It marked a departure from the old views and understanding about intellectuals that they represent a social stratum made up of people from various classes, and that they cannot form a class of their own but serve one or another class with their professional knowledge and technique.

Along with workers and farmers, intellectuals are in charge of the revolution and form the *chuche* of the revolution. Only the classes and strata waging struggles for an independent stand and attitude can become the *chuche* of the revolution. Intellectuals, representing a stratum aspiring to an independent stand and attitude, do not exploit or oppress others; they live by their honest labor. In this point too, they are in a position similar to that of workers and farmers; that is why they are a component of the *chuche* of the revolution.

Intellectuals are a driving force of revolutionary struggle and social development. They perform a leading role in arousing workers and farmers in the revolutionary struggle and in bringing them into the revolutionary movement; as working people creating social wealth with their mental labor, they play a major role in social development. For the position they are in and the role they perform, no one else can substitute for them.

The role of intellectuals becomes higher as society develops and socialist construction deepens. Therefore, only through elevating the role of intellectuals is it possible to correctly manage the socialist state and build a firm self-supporting national economy, as well as, developing science and technology [S&T], culture, and

arts in such a way as to meet the demands of the working class.

Intellectuals indeed play an important role in the revolution and in construction, but it does not come about by itself that they do so. Only under the leadership of the working-class party does it become possible for them to form a component of the *chuche* of the revolution and to be self-dependent and centered on the leader [suryong], while performing their role creditably by adding luster to their wisdom, talent, and destiny.

The intellectuals issue has found a brilliant resolution in our country thanks to the sagacious leadership of the great leader [yongdoja] Comrade Kim Chong-il.

Thanks to the creative ideology and theory the great leader [yongdoja] Comrade Kim Chong-il put forth in the work dealing with the position and role of intellectuals in the revolution and construction, our intellectuals came to have a most correct guiding principle enabling them to fulfill their responsibility and role satisfactorily. The past 5 years since the publication of the work have seen a fierce struggle waged on the earth between socialism and capitalism; especially, at a time when instances of intellectuals betraying socialism were reported in countries where socialism had collapsed. Our intellectuals have been living a highly valuable life, adding luster to it by devoting all their wisdom and talent to the struggle to defend the infinitely benevolent party and the leader with their lives. Also, they made the socialist fatherland richer, stronger, and more developed, with the precise and unswerving faith that science has indeed no national boundaries, but they have their socialist fatherland, and with the resolve to cast their lot with the party to the end—the party that put them at the forefront as a dignified, credible main force of the revolution and looked after them with warm hands. This bears vivid testimony to the validity and vitality of the ideology and theory shown in the work.

The significance and vitality of the work lies, first, in that it enabled intellectuals to creditably perform their role in building up the socialist revolutionary position into an impregnable fortress.

Success or failure of the socialist cause is determined by how firm the socialist revolutionary position is. The invincibility of that position is guaranteed by the ideological strength of the masses forming the *chuche* of the socialist society, and by the steadfastness of their faith. What constitutes the basis of the socialist revolutionary position is the socialist ideological position. It has something to do with the fact that the socialist society, unlike the capitalist society in which money is everything, is a society that develops and is completed

by the active functions and role of the masses armed with socialist ideology. To consolidate the socialist revolutionary position firmly it is necessary to strengthen the socialist ideological position by giving priority to the ideological work for the communist remolding of the ideological consciousness of people. Only by doing so is it possible for socialism to demonstrate its invincible strength in all spheres, politically, economically, culturally, and militarily.

In consolidating the socialist ideological position, it is extremely important to elevate the role of intellectuals. To do so, it is necessary to bring them to accumulate high-level scientific and technological knowledge, and at the same time to give priority to the ideological indoctrination work to arm them with the revolutionary ideology of the working class. Otherwise, they could become unhealthy politico-ideologically, mentally and morally, socially useless, and incapable of fulfilling their responsibility and role as members of the *chuche* of the socialist society.

The work clearly elucidates ways and means to enhance the intellectuals role and thereby strengthen the socialist revolutionary position.

The work notes that in order for intellectuals to positively contribute to socialist construction, it is necessary to ensure that they work harder than anybody else to revolutionize and inculcate themselves with the working-class spirit. To that end, it points out, the ideological indoctrination work, the indoctrination in socialist patriotism, revolutionary tradition, and class must be strengthened among intellectuals so as to arm them firmly with the *chuche* ideology of our party. By so doing, it notes, we should see that they keep engraved on their hearts the loyalty to the party and the leader as their revolutionary faith and duty, and that they build it into their philosophy of life. It also elucidates the need for intellectuals to voluntarily participate in the revolutionary, organizational life and train themselves through their personal revolutionary struggle to fulfill their revolutionary duty. Thus, the work made it possible to positively accelerate the revolutionization of intellectuals and their inculcation with the working-class spirit. It also stresses that in order to strengthen the socialist revolutionary position, intellectuals—as ardent protectors, propagandists, and thoroughgoing executors of the great *chuche* ideology, and the party lines and policies which embody it—should take the lead in the indoctrination of the masses in the communist ideology. The work then lists the tasks with which intellectuals are confronted in this respect in the realms of social science, press and publications, education, public health, literature, and the arts. Thus, through the arming of all members of society with the firm revolutionary ideology of the working class and

the strengthening of the socialist ideological position in every way, the work is leading our intellectuals to play a major role in developing all sectors of society in consistent manner with the aspirations and demands of the working class.

The significance and vitality of the work lies next in that it enabled intellectuals to positively contribute to building up the material foundations of the socialist society and to expediting social developments.

The might of socialism is guaranteed by its economic strength as well as by its politico-ideological strength. The economy constitutes the material basis of the social life. The role of S&T in strengthening a nation's economic foundations is extremely important. S&T are the lifeline of economic construction; the levels of a nation's S&T developments are an important yardstick of its economic strength. Without developing S&T, it is impossible to build up the material foundations of socialism. Especially, under the present circumstances where economic developments are basically supported by S&T, developments of S&T are of important significance in increasing the nation's economic strength. Only by developing S&T and, through it the firm laying of the material foundations of socialism, is it possible to ensure materially the nation's self-dependence in politics and self-reliance in national defense, to guarantee the people an even more affluent livelihood, and to develop the economy independently and safely under any circumstances.

The role of intellectuals is important in building the nation's economic foundations as firm as bedrock. The issue of developing S&T rapidly and laying the nation's economic foundations in a reliable fashion depends on how they perform their role. Intellectuals possess high-level scientific, technological know-how and knowledge. Therefore, if socialism is to secure firm material foundations, we must enhance the role of intellectuals and ensure that they give full play to their wisdom and talent.

The work elucidates the tasks and the ways and means for intellectuals to give full play to their wisdom and talent. It notes that technological revolution is an important revolutionary task facing intellectuals, that they are in charge of it, and they must carry it out. It also stresses the need for intellectuals to further consolidate the foundations of the self-supporting economy by solving successfully the S&T problems arising in modernizing the people's economy and placing it on the basis of *chuche* and of S&T, and the need for successfully solving S&T problems in the development of various sectors of the people's economy rapidly. The work also made it clear that in order for intellectuals to lift their role, they

should firmly adhere to the position of *chuche*, possess the revolutionary spirit of self-reliance, strengthen creative cooperation with the producer masses, and bring up their real abilities ceaselessly. Thus, the work has led intellectuals to vigorously launch into the struggle to build up the material foundations of socialism with full awareness of their mission and responsibility.

The work indeed represents a programmatic guiding principle that has brought on a basic turnaround in the enhancement of the role of our intellectuals.

All intellectuals should keep it deeply engraved on their hearts that they are most fortunate to have the great leader [yongdoja] Comrade Kim Chong-il with them as their benevolent father and teacher, and to live and make revolution under him. And they should fight on dynamically for the prosperity and development of our country, our fatherland, under the leadership of Comrade Kim Chong-il and, by doing so, keep on adding luster to their honor of being intellectuals of *chuche* Korea.

Kim Chong-il Exchanges Cards With Foreign Leaders

SK2301055996 *Pyongyang KCNA in English*
0449 GMT 23 Jan 96

[All foreign party leaders' names are as received]

[FBIS Transcribed Text] Pyongyang, January 23 (KCNA) — The great leader Comrade Kim Chong-il exchanged New Year's cards with heads of state and party leaders of different countries on the new year 1996.

They include chairman of the Lao People's Revolutionary Party Central Committee and Premier of Laos Khamtai Siphandon, Bangladeshi President Abdur Rahman Biswas, Bangladeshi Prime Minister Khaleda Ziaur Rahman, Sri Lankan President Chandrika Bandaranaike Kumaratunga, Pakistani President Sardar Farooq Leghari, Jordanian King Husayn the first, Indonesian President Suharto, Yemeni President 'Ali 'Abdallah Salih, Namibian President Sam Nujoma, Malawian President Bakili Muluzi, Algerian President Liamine Zeroual, Moldovan President Mircea Ion Snegur, Croatian President Franjo Tudjuman, Ukrainian President Leonid Kuchma, Grenadian Prime Minister Keith Mitchell, Mexican President Ernesto Zedillo Ponce de Leon, President of Trinidad and Tobago Noor Hassanali, Prime Minister of Antigua and Barbuda Lester Bryant Bird, Ecuadorian President Sixto Duran Ballen, President of the Socialist Progressive Party of Lebanon Walid Joumblatt, secretary of the Lebanese Regional Leadership of the Arab Socialist Baath Party

Abdallah al-Shahal, leader of the Social Action Party of Thailand Montri Pongpanich, General Secretary of the C.C. [Central Committee], the Jordanian Communist Party Yacob Zayadine, general secretary of the C.C., the Communist Party of India (Marxist) H. S. Surjeet, general secretary of the National Council of the Communist Party of India Indrajit Gupta, secretary general of the Movement for Democracy in Algeria Khaled Bensmain, General Secretary of the Egyptian National Democratic Party Youssef Amin Wali, chairman of the executive council of the C.C., the Bulgarian Communist Party (Marxists) Boris Petkov, Chairman Yrjo Hakanen and General Secretary Arto Viitaniemi of the C.C., the Communist Party of Finland, chairman of the National Council of the Communist Party of Portugal Alvaro Cunhal, Chairman of the National direction Committee of the Democratic Intervention of Portugal Blasco Hugo Fernandes, chairman of the Communist Party of Austria Walter Bayer, General Secretary of the Communist Party of the Peoples of Spain Juan Ramos and national leader of the Communist Party of Canada (Marxist-Leninist) Hardial Bains.

Comrade Kim Chong-il also exchanged New Year's cards with Deng Xiaoping, former president of the central military commission of the Communist Party of China; Yang Shangkun, former president of China, and Peng Zhen, former chairman of the Standing Committee of the National People's Congress of China.

Kim Chong-il Praised, Called 'Great Man of Mt Paektu'

*SK2201152796 Pyongyang KCNA in English
1514 GMT 22 Jan 96*

"Our Party's Ethical Philosophy Is Conscience of Times and Banner of Revolution" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 22 (KCNA) — NODONG SINMUN today says respected Comrade Kim Chong-il is a great philosopher and outstanding thinker and theoretician who indicated the *chuche*-based ethical philosophy for the first time in history on the basis of the *chuche* idea.

The authors of the article note that Comrade Kim Chong-il's famous work "Respecting the Forerunners of the Revolution Is a Noble Moral Obligation of Revolutionaries" powerfully displays the truthfulness, validity and nobleness of his ethical philosophy centred on the leader, ethical philosophy of love for and trust in the people and his ethical philosophy contributing to accomplishing the revolutionary cause.

The article quotes the great leader Comrade Kim Chong-il as saying: "Being unfailingly loyal to the great leader through all generations is the duty of revolutionaries

and the highest expression of the sense of revolutionary obligation."

The article further says:

The kernel of the ethical philosophy of Comrade Kim Chong-il lies in holding the leader in high esteem as the father and saviour of destiny, defending his idea and achievements and keeping the obligation to him to the last.

If one arms oneself with the ethical philosophy centred on the leader, one remembers the benevolence of the leader who pioneered the revolution even though a hundred years or a thousand years pass by, and one does not break away from the clean principle as a soldier, a disciple of the leader even though one is at death's door. Our people are loyal to the party and the leader down through generations, looking up to the great leader Comrade Kim Il-song, who is laid in state at Kumsusan Memorial Palace, with the steadfast faith that he is always with them. Their revolutionary traits clearly show the nobleness and attraction of the ethical philosophy of Comrade Kim Chong-il.

Comrade Kim Chong-il is a great leader who is leading the revolution with love for and trust in the people. His politics is politics of love and trust, and his outlook on morality is also based on love and trust. The ethics based on love and trust means that the popular masses are regarded as the masters of everything and the wisest teachers, and that their inexhaustible creative ingenuity is absolutely trusted.

The love for the people and respect for the forerunners of the revolution are inseparable. This is a fundamental principle clarified by the ethical philosophy of Kim Chong-il style.

A historic feat performed by Comrade Kim Chong-il for the revolutionary struggle and human morality is that he has united morality and the revolution on the noblest height. It is he who considers morality in the conception of revolution, gives a great impetus to the revolution and leads it to final completion with a moral obligation.

His work is a library ethics of our times, a great Bible of the revolution, for it carries the ethical philosophy centred on the leader, the ethical philosophy of love for and trust in the people and the ethical philosophy which united the outlook on the revolution and the outlook on morality. His ethical philosophy will be immortal in the revolution and among the people.

The work reflects the great personality of respected Comrade Kim Chong-il, the supreme incarnation of revolutionary moral obligation.

He is the greatest man who has the noblest qualification of a leader and noblest moral traits as successor to a leader. He devotes all his meditation and efforts every minute and every second to holding the fatherly leader Comrade Kim Il-song in higher esteem. He shoulders any heavy burden and does anything if it is related to the authority of Comrade Kim Il-song. Indeed, he is a man of justice, a man of enthusiasm who keeps his moral obligation faithfully.

The Korean revolution was pioneered on the strength of noble moral obligation of the leader and his soldiers and has advanced and won victory on the strength of comradeship and moral obligation. Respected Comrade Kim Il-song was the highest representative of the Korean communists who fought on the strength of revolutionary conscience and obligation and the maker of the glorious tradition of revolutionary obligation. Comrade Kim Chong-il was born in the thick forest of Mt. Paektu where the grand epic of revolutionary obligation was created, and grew up in the struggle to defend this obligation.

Comrade Kim Chong-il is, indeed, a great man of Mt. Paektu type who is like Mt. Paektu in ideology, faith and morality.

The work "Respecting the Forerunners of the Revolution Is a Noble Moral Obligation of Revolutionaries" represents the great mental and moral traits of Comrade Kim Chong-il.

The work is, indeed, a classic work which gives birth to the cheer "long live mankind!" and an immortal library of a great man which makes the people firmly believe that General Kim Chong-il is best.

DPRK: Reverence, Respect for Kim Il-song Name Increases

SK2201151396 *Pyongyang KCNA in English*
0907 GMT 22 Jan 96

[FBIS Transcribed Text] Pyongyang, January 22 (KCNA) — Loyalty and filial piety to the great leader President Kim Il-song is growing deeper in the hearts of the Korean people.

This is expressed in the fact that many units have been named after President Kim Il-song.

A decision on renaming the League of Socialist Working Youth of Korea (LSWYK) the Kim Il-song Socialist Youth League was adopted at the conference of LSWYK held in Pyongyang on the occasion of its 50th founding anniversary.

Naming the youth league for President Kim Il-song was the unanimous will and ardent wish of the youth and all other people throughout the country.

The great leader Comrade Kim Chong-il said:

"The glorious history of our revolution, the dignity and honour of socialist Korea and all the happiness of our people are associated with the respectful name of the leader. They are the brilliant results of his great leadership."

Kim Il-song University, the highest centre of chuche education and science, which was founded as the first university of the people nearly 50 years ago, is also named after him.

There is Kim Il-song College of Physics in Pochonbo, Yanggang Province, which is associated with his immortal revolutionary history.

The Kim Song-chu School Children's Palace is situated in Phophhong [as received], a historic site, where he made a great pledge at the age of 73 to restorate Korea. He was called Kim Song-chu in his childhood.

Korea's highest order is called "The Order of Kim Il-song" and the training centres of the party workers and military commanding officers are called Kim Il-song Higher Party School, Kim Il-song Military University and Kim Il-song University of Politics.

The supreme honour prizes awarded to Korea's young people and children and the scholarship awarded to honour students are also named after him.

The Korean people call a square in the center of the capital "Kim Il-Song Square" with reverence and respect for him. At this square a military parade was held in 1953 to celebrate victory in the war.

Moranbong Stadium, where after the liberation of the country he paid the first impressive meeting with the Korean people and made a historic speech on his triumphal return home, is named after him.

As Comrade Kim Chong-il is carrying forward the revolutionary cause of chuche started by President Kim Il-song, Korea is famous as Kim Il-song's Korea and the Korean people as the Kim Il-song nation.

Kim Chong-il Thanks Yi Chong-chol Unit of KPA

SK1901131596 *Pyongyang KCNA in English*
0257 GMT 19 Jan 96

[FBIS Transcribed Text] Pyongyang, January 19 (KCNA) — The great leader Comrade Kim Chong-il sent thanks to officers and men of the Yi Chong-chol

unit of the Korean People's Army for their sincere assistance to civilians.

The officers and men of this unit gave a moral and material help to families of fallen soldiers and of persons killed by the enemy, disabled soldiers' families, dependents of the People's Army and other civilians, greeting the New Year's day. In the past they delighted Comrade Kim Chong-il on several occasions by fully displaying the trait of army-people unity.

Comrade Kim Chong-il also highly praised and thanked Paek Hyon-chol and his wife Kim Ok-sun, who are workers of the August 10 mine for having displayed communist traits.

Kim Chong-il Meets With Korean Youth From Japan

*SK1901235796 Pyongyang Korean Central Broadcasting Network in Korean
2100 GMT 19 Jan 96*

[FBIS Translated Text] The great leader [widaehan yongdoja] Comrade Kim Chong-il met with the congratulatory delegation from the Korean Youth League in Japan and took a souvenir picture with them. On 19 January the great leader [widaehan yongdoja] of our party and people Comrade Kim Chong-il met with the congratulatory delegation of the Korean Youth League in Japan led by Pak Ku-ho, chairman of the Central Standing Committee of the Korean Youth League in Japan. The delegation is staying in the socialist fatherland. Comrade Choe Yong-hae, first secretary of the Central Committee of the Kim Il-song Socialist Youth League, was present.

Members of the congratulatory delegation expressed the highest honor and gratitude to the great leader [widaehan yongdoja] Comrade Kim Chong-il with the unanimous loyalty of all Korean youth in Japan and 700,000 Koreans residing in Japan, and wished him longevity.

Comrade Kim Chong-il had warm conversations full of fraternal love with the members of the congratulatory delegation, and took a souvenir picture with them.

Kim Chong-il Attends Performance of KPA Ensemble

*SK2301104796 Pyongyang Korean Central Broadcasting Network in Korean
0800 GMT 23 Jan 96*

[FBIS Translated Text] The great leader Comrade Kim Chong-il, with members of various delegations of the General Association of Korean Residents in Japan [Chongnyon], saw a performance of the meritorious

chorus of the Korean People's Army [KPA] ensemble. The great leader of our party and our people Comrade Kim Chong-il, with members of various Chongnyon delegations visiting the socialist fatherland, saw a performance of the meritorious chorus of the KPA ensemble on 22 January.

The members of the Chongnyon functionaries' delegation led by Ha Tae-hong, director of a department of the Chongnyon Central Standing Committee; the congratulatory delegation of the Japan-Resident Korean Youth Union led by (Pak Ku), chairman of the Central Standing Committee of the Japan-Resident Korean Youth Union; and the Japan-Resident Korean Students' Union led by [Song Su-hui] were present.

Also on hand were Kim Yong-sun, secretary of the Central Committee of the Workers Party of Korea, Choe Yong-hae, first secretary of the Central Committee of the Kim Il-song Socialist Youth Union, and other youth functionaries.

The chorus put on stage various chorus repertoire, such as the national anthem, "The song of General Kim Il-song," "We congratulate the health of comrade supreme commander," "The fighters' longing," "The song of the promulgation of the people's Republic," "Our Comrade Kim Chong-il," "We pledge," and "Let us raise the red flag aloft."

Throughout the performance, the members of the chorus sang in a lofty style the pride of our people and the soldiers of the People's Army who have added luster to the annals of our revolution with victory and glory, highly singing the songs of the revolution and the songs of the struggle. At the same time, they well displayed the militant spirit and resolve of the KPA to fulfill the chuche revolutionary cause under the leadership of the respected and beloved general.

The performance received high praise from the audience because of its high ideological and artistic nature.

The members of the Chongnyon delegations were filled with great gratitude and joy because the great leader Comrade Kim Chong-il met them and took a picture with them, and moreover, granted them the greatest honor and trust by inviting them close to him and seeing the performance together. They renewed their firm resolve to become the forerunners in carrying out Chongnyon's patriotic work upholding the great general's letter sent to Chongnyon and the Japan-resident compatriots on the 50th anniversary of the founding of Chongnyon.

DPRK Article Extols Leadership of Party
SK2201053396 Pyongyang KCNA in English
0503 GMT 22 Jan 96

[**"NODONG SINMUN on Basic Factor of Formation of Korean People's Noble Mental and Moral Traits"** — KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 22 (KCNA) — NODONG SINMUN Sunday carried an article dealing with the leadership of the party and the leader in training the Korean people as the good people with noble mental and moral traits, which was expounded by the great leader Comrade Kim Chong-il in his famous work "Respecting the Forerunners of the Revolution Is a Noble Moral Obligation of Revolutionaries."

The article quoted the great leader Comrade Kim Chong-il as saying:

"The beautiful mental and moral traits of our people were formed and have developed and become ennobled as we see today under the benevolent care of the fatherly leader and motherly party."

The article said:

The wise leadership of the party and the leader in training the Korean people as the good people with noble mental and moral traits lies in creating the proud history of true politics for the people, the benevolent politics.

Today the Korean people make a boast of being the honourable people who remain loyal to the party and the leader with beautiful and sound mental and moral qualities.

This is a clear proof of the greatness and influence of human traits possessed by the great leader Comrade Kim Il-song and respected General Kim Chong-il and of the great vitality of benevolent politics of the Workers' Party of Korea.

The wise leadership also finds an expression in the fact that the party and leader have constantly deepened the communist moral education along with the advancement of the revolution and construction.

The Korean people have become a good people, who are loyal to the leader and the party and respect the revolutionary forerunners, and the noble communist moral traits of the people helping and pulling each other along have fully been displayed in the whole society. These are the precious fruition of the leadership of respected General Kim Chong-il, who has put emphasis on and consistently pressed ahead with the communist moral education.

General Kim Chong-il is, indeed, the great teacher, who, with the benevolent politics, has brought the world of love and obligation and the world of genuine morality to the people and trained the Korean people as those with noble mental and moral traits by closely combining the politics with morality, the ideological education with moral education.

DPRK Youth Organizations March to Chong-il Peak

SK2201105196 Pyongyang KCNA in English
1000 GMT 22 Jan 96

[FBIS Transcribed Text] Pyongyang, January 22 (KCNA) — Officials of youth organizations, young people, students and school children in Yanggang Province made an excursion of Chong-il Peak on the occasion of the birthday of the great leader Comrade Kim Chong-il (February 16). Chong-il peak stands high by the side of the native home of Comrade Kim Chong-il in the Mt. Paektu secret camp.

Comrade Kim Chong-il, spending his childhood in this place, was possessed on matchless courage, outstanding wisdom, distinguished judgment and unusual decision and cultivated ambition for the revolution.

The members of the excursion group had a deep knowledge of the immortal revolutionary exploits and brilliant revolutionary history of the great leader President Kim Il-song and the dear leader Comrade Kim Chong-il on the way from Hyesan to the Mt. Paektu secret camp over January 13-21.

In Korea, people of various strata, young people and school children and men of the People's Army make march to Chong-il Peak every year to greet the auspicious February holiday.

Foreign Visitors Admire Young People in DPRK

SK1801105996 Pyongyang KCNA in English
0940 GMT 18 Jan 96

[Spelling of names as received]

[FBIS Transcribed Text] Pyongyang, January 18 (KCNA) — Foreign visitors to Korea have admired the young Korean people for fully displaying their wisdom and energy in the sacred struggle to accomplish the revolutionary cause of *chuche*, rallied around the great leader Comrade Kim Chong-il in one mind.

Secretary general of the Italian Institute of International Relations Giancarlo Elia Valori expressed his impressions as follows:

"The young Korean people visit the statue of the great leader President Kim Il-song on Mansu Hill, lay

bouquets of flowers, pay homage to him with deep reverence and renew their determination of loyalty day and night. Seeing them, I keenly felt once again that the young Korean people are boundlessly worshipping him."

Head of a delegation of the Slovak Communist Party Vladimir Dado said that the Korean youth are deeply aware that only socialism guarantees their happy life and leave their destinies and future to the socialist bosom.

Head of the delegation of the Thai high-ranking young officials Ridh Chavirat noted that the young Korean people volunteer to change their occupations to do difficult and toilsome work and give full play to their energy and wisdom of youth.

Editor-in-chief of the Russian Paper BUMBARASH PAVEL BILGL ADEMOLA ARAOYE said that the young Korean people deem it their happiness and joy to display the beautiful traits of helping and leading each other forward, regarding others' pains as their own, and this is the great result of the love and trust of the leader.

DPRK Trapeze Act Performance Praised

SK2001101096 Pyongyang KCNA in English
0920 GMT 20 Jan 96

[FBIS Transcribed Text] Pyongyang, January 20 (KCNA) — "Flying girls", an aerial trapeze flight, is on at the Pyongyang state circus theatre to be acclaimed by the spectators.

The acrobatic feat was created by a people's artist Pak So-un and directed and trained by a merited acrobat Hong Chong-nam.

The girl acrobats who fly free in the air to the tune of the melodies of "My Country Is Best", a song of the advantages of the socialist system and the Korean nation-first spirit, remind the spectators of legendary fairies descending to and from heaven.

They are 17 years old on an average. They display the technique of world standard, outdistancing the acrobats with a long career in aerial trapeze flight.

Kim Chun-ae does three turns with her body straightened, Kim Kwang-pok three turns sideward and Wi Son-hwa two turns backward and two turns sideward with her body straightened.

In particular Pak Yong-suk has the highest technique of four turns backward with her body bent.

The four female acrobats are making preparations for the forthcoming world circus festival.

They are perfecting themselves in their feats.

The experts hope much from them.

Korean 'Grand Paektu Mountain Range' Defined

SK2201152196 Pyongyang KCNA in English
0914 GMT 22 Jan 96

["Grand Paektu Range Defined" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 22 (KCNA) — Grand Paektu Range has recently been defined in Korea.

The geographers have recently confirmed in a scientific way that in view of form there is a mountain range linking Mt. Paektu in the northern inland area of Korea and Mt. Chiri in the southern area and the range was created in the same period, and shared the view that the range should be named Grand Paektu Range.

They gave a profound analysis on old geographical data, topographic surveying materials, materials of terrain structure and information from artificial satellite and confirmed the distribution of groups of cracks in the deep ground, the structural lines, the lines of cracks and rivers and streams in Korea. And they studied more than 100,000 materials and analysed in a scientific way the influence of about 6,500 rivers and streams and some 3,600 major mountains and hills on the formation of 84 mountain ranges. They also studied and examined more than 100 volumes on the formation of mountain ranges and terrains of Korea covering the period from the time of ancient Korea up to this date and made clear through field surveys the periods during which mountain ranges were formed and the process in which mountain ranges have changed as well as index and principles of choosing mountain ranges.

The new Grand Paektu Range is 1,470 kilometres long.

Accordingly, new mountain ranges were defined and the lengths and names of some mountain ranges changed.

Among the new mountain ranges are Manpung, Saedok, Yebong and Mudung Mountain Ranges.

Kangnam and Kwangju Mountain Ranges were removed because they do not conform with the realities.

According to historical data, Korea viewed the mountain range from Mt. Paektu to Mt. Chiri as one range and called it Paektudaegan according to "Sangyongpyo" on the principles of mountain formation made in the year 1769. The system of mountain range lasted till 1908.

With a view to turning Korea into a colony the Japanese imperialists brought forward a "theory on Korean mountains" in 1903 in which they renamed Paektudaegan and divided Korea into the North and South with different mountain range systems, with the River Imjin in the central part of Korea as the Demarcation Line. And they removed the word "Paektu". They sought in

this to remove from the minds of Korean people the soul of Mt. Paektu, the spirit and symbol of the Korean nation.

The recent scientific definition of Grand Paektu Range and the system of mountains and their names demonstrates that the Korean people have long history of 5,000 years and a brilliant culture, living in the same land.

DPRK: Foreign Leaders Express Support for Unification

SK2301095696 *Pyongyang KCNA in English*
0852 GMT 23 Jan 96

[FBIS Transcribed Text] Pyongyang, January 23 (KCNA) — Foreign state leaders expressed support to the Korean people's cause of national reunification, when they met the Korean ambassadors to their countries.

Macedonian President Kiro Gligorov said he was pleased that the great leader Comrade Kim Chong-il holds aloft the banner of the chuche idea and leads the Korean people to victory. He said, "The Republic of Macedonia supports the active struggle of the Korean people for the country's reunification and their peace efforts."

He hoped that the Korean people under the leadership of his excellency Kim Chong-il will achieve greater success in their efforts for the country's prosperity this year.

Maltese President Ugo Mifsud Bonnici expressed the hope that Korea will be reunified in a peaceful way at the earliest possible date, as desired by the Korean people.

Angolan President Jose Eduardo dos Santos expressed the belief that the Korean people under the tested guidance of his excellency the great leader Kim Chong-il will achieve success in their struggle for socialist construction and the country's reunification this year, too, and that the friendly and cooperative relations between the parties, governments and peoples of the two countries will continue to strengthen and develop.

DPRK Signs Patent Agreement With Sweden

SK2201053296 *Pyongyang KCNA in English*
0457 GMT 22 Jan 96

[FBIS Transcribed Text] Pyongyang, January 22 (KCNA) — An agreement on cooperation in the field of industrial property was reached between the Invention Office of the Democratic People's Republic of Korea and the Swedish Patent and Registration Office in Stockholm on January 17.

The agreement was inked by the DPRK ambassador to Sweden and the general director of Swedish Patent and Registration Office.

DPRK Sends Greetings to Austrian National Council President

SK2201101696 *Pyongyang KCNA in English*
0919 GMT 22 Jan 96

[FBIS Transcribed Text] Pyongyang, January 22 (KCNA) — Yang Hyong-sop, chairman of the Supreme People's Assembly of the Democratic People's Republic of Korea, sent a message of greetings to Heinz Fischer on his reelection as president of the National Council of Austria.

The message expressed the belief that the relations between the parliaments of the two countries would further develop in the future and wished him success in his work.

DPRK Anniversary of Relations With Trinidad, Tobago Noted

SK2301102296 *Pyongyang KCNA in English*
0835 GMT 23 Jan 96

["Korea-Trinidad and Tobago Diplomatic Relations Establishment Anniversary Marked" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 23 (KCNA) — MINJU CHOSON today carries a by-lined article ten years since diplomatic relations were established between the Democratic People's Republic of Korea and the Republic of Trinidad and Tobago.

The paper says that the establishment of diplomatic relations between the two countries accelerated the development of their cooperative relations.

The government and people of Trinidad and Tobago are now registering accomplishments in the efforts to clear away the aftermath of the imperialists' colonial rule and build a prosperous, new society, it notes and goes on:

Following the nonaligned foreign policy the government of Trinidad and Tobago is developing friendly and cooperative relations with different countries.

The Korean people are rejoiced as over their own over the achievements made by the Trinidad and Tobagonian people in building a new society, and wish them greater progress in their future work.

The Koreans are convinced that the friendly relations with the people of Trinidad and Tobago will develop on good terms in the future, too.

DPRK Sends Greetings to Laotian Defense Minister*SK2001103396 Pyongyang KCNA in English
0940 GMT 20 Jan 96*

[FBIS Transcribed Text] Pyongyang, January 20 (KCNA) — Marshal of the Korean People's Army Choe Kwang, minister of the People's Armed Forces, sent a message of greetings to Laotian Defence Minister Choummali Sai-ngason, on the occasion of the 47th anniversary of the foundation of the Laotian People's Army.

The message expressed the belief that the friendly and cooperative relations between the armies of the two countries would further develop in strength and wished him a success in his responsible for increasing the nation's defence capacity.

DPRK WPK Receives Greetings From Foreign Parties*SK2301051096 Pyongyang KCNA in English
0451 GMT 23 Jan 96*

[All names as received]

[FBIS Transcribed Text] Pyongyang, January 23 (KCNA) — Messages of greetings to the Workers' Party of Korea [WPK] Central Committee [C.C.] were sent by Shodi Shabdolov, chairman of the C.C., the Communist Party of Tajikistan, the Central Committee of the Party of Communists of Belarus and Tlal Hafun Ala Mai, general secretary of the People's Unity Party (Unionist) of Jordan, on the new year.

The messages expressed the belief, on the occasion of the new year, that the relations between their parties and the WPK would further strengthen.

DPRK Sends Greetings to Sao Tome-Principe Prime Minister*SK1901131896 Pyongyang KCNA in English
0253 GMT 19 Jan 96*

[FBIS Transcribed Text] Pyongyang, January 19 (KCNA) — Kang Song-san, premier of the Administration Council, sent a message of greetings to Armindo Vaz d'Almeida upon his appointment as prime minister of Sao Tome and Principe.

The message expressed the belief that the friendly relations between the two countries will develop on good terms and wished him success in his work for the prosperity of the country.

South Korea**KEDO Postpones Meeting of Executive Board of Directors***SK2201231696 Seoul KBS-1 Radio Network
in Korean 2100 GMT 22 Jan 96*

[By correspondent Yi Kwang-chul in New York]

[FBIS Translated Text] The meeting of the executive board of directors of the Korean Peninsula Energy Development Organization [KEDO] to discuss sharing expenses for the construction of the light-water reactor to be provided to North Korea, has been postponed until next month. The KEDO side said that, because it is too late to hold the board of directors meeting this month, the meeting will be held sometime next month.

Much interest is focused on the executive board of directors meeting, because the United States has revealed that the ROK and Japan should share more of the light-water reactor expenses, and it proposed to Japan that Tokyo pay some of the cost of the heavy oil that the United States plans to provide to North Korea before the construction of the light-water reactor.

U.S. Soldier Questioned on Taking ROK Placard*SK0501142996 Seoul YONHAP in English
1103 GMT 5 Jan 96*

[FBIS Transcribed Text] Seoul, Jan. 5 (YONHAP) — U.S. military authorities in Korea were questioning an American soldier Friday on the suspicion that he unlawfully snatched away a placard being used by a demonstrating Korean civil organization, the U.S. Forces Korea headquarters reported.

The report said SFC. Daniel J. Estrada (phonetic) of the Far East District Logistics Support Group, was arrested after he wrested from demonstrators a placard containing an anti-American slogan and carried it into the Yongsan military reservation, defying an order from the Korean police and U.S. Military Police that he return the placard to the demonstrators.

A group of people from the Campaign Headquarters Against Crimes Involving American Service Members was demonstrating outside the Yongsan military reservation Friday.

Organizers of the demonstration protested against Estrada's action and the demonstrators dispersed after the placard was returned to them later.

"Since SFC. Estrada had entered U.S. military installations, the U.S. military police retain primary jurisdiction over his case," the report said, adding he would be punished according to the U.S. military code depending on the outcome of the investigation.

U.S. Soldier Arrested by ROK Police on Rape Charges

SK1001092996 Seoul YONHAP in English
0737 GMT 10 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 10 (YONHAP) — An American soldier was arrested Wednesday morning for allegedly attempting to rape a woman in Itaewon-tong, central Seoul, the U.S. Forces Korea reported.

Pvt. Terrence Hines allegedly broke into a woman's apartment at 2:00 a.m., according to the USFK statement. A neighbor heard the incident and called the police.

As police arrived on the scene, Hines tried to flee but was apprehended, suffering a head injury during the pursuit.

Hines has been formally charged with attempted rape, assault, breaking and entering, and disturbing the peace, by the Seoul District Prosecutor's Office.

The statement added that the USFK does not tolerate any criminal acts and that it would fully cooperate with police and prosecutors.

ROK Man Camps Out at U.S. Army Base for Claim Settlement

SK1001094696 Seoul YONHAP in English
0819 GMT 10 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 10 (YONHAP) — A Korean man has been camping out for more than a week, outside the main gate of Camp Casey to protest a claim settlement he received from the U.S. Military Claims Service, United States Forces Korea reported Wednesday.

Yi Yong-chik of Tongduchon was awarded 2.2 million won (about 2,900 dollars) in damages for injuries sustained during a scuffle with three American soldiers and another Korean that occurred on Oct. 17, 1994 on the army base.

He had originally sought approximately 230 million won, maintaining that he had suffered a dislocated vertebra in his back that permanently disabled him.

The only injuries Yi originally reported to police, however, were six stitches in the head and lacerations to his forehead, left shoulder, and the left side of his face.

Based on his participation in the melee and the injuries that Yi reported at the time of the incident, the U.S. Armed Forces Claims Service-Korea reduced the amount of his claim.

Two of the three U.S. servicemen involved in the brawl received eight-month prison sentences last year by the Seoul District Court with a two year stay of execution.

Increasing U.S.-DPRK 'Rapprochement' Viewed

SK0701023096 Seoul THE KOREA TIMES in English
7 Jan 96 p 2

[Report by staff reporter Son Key-yong: "Something Appears To Be in Offing in Relationship Between Washington, Pyongyang"]

[FBIS Transcribed Text] With indications of rapprochement between North Korea and the United States mounting, a senior North Korean official will visit Washington next month to attend a conference where he will meet U.S. Deputy Assistant Secretary of State for East Asia and Pacific Affairs Thomas Hubbard.

Yi Hyong-chol, director of the American Department of the North's Foreign Ministry, will take part in a conference hosted by the Institute for International Economics (IIE) on Feb. 5.

Under the theme, "Economic Developments in North Korea," the conference participants will hear a presentation by Yi titled, "Economic Policy of the DPRK," a Foreign Ministry official said.

Hubbard, a pointman in negotiations on the exchange of liaison offices and other North Korean issues, will also deliver a speech as a lunch speaker.

Yi and Hubbard are expected to exchange opinions on the long-delayed exchange of liaison offices and North Korea's food shortages.

Officials here, however, denied the possibility that Washington and Pyongyang will expedite their negotiations for the exchange of liaison offices by making use of Yi's visit to Washington.

"There is an established channel of dialogue between the United States and North Korea. Therefore, there is no reason that the Foreign Ministry official will engage in an official mission while pretending to take part in a seminar," another official said.

Other participants in the conference include Chon Hong-taek, fellow of the Korea Development Institute (KDI), Danny Leipziger, lead economist of the World Bank, and Marcus Noland, senior fellow of the IIE.

Yi's visit will come shortly after a three-way meeting in Hawaii between Seoul, Tokyo and Washington, which aims to coordinate their policies with regard to the provision of additional rice aid to North Korea and other pending issues on the Korean peninsula.

Pan Ki-mun, currently deputy foreign minister for policy planning who will be soon promoted to deputy foreign minister for political affairs, will head the Korean delegation.

Meanwhile, a seven-member North Korean delegation, including an Army officer, is expected to visit Hawaii in mid-January to discuss the repatriation of the remains of U.S. soldiers who died in the Korean War.

They were invited to visit the Hawaii-based U.S. Army Central Identification Laboratory (USACIL).

North Korea also recently announced its decision to take part in the Summer Olympics in Atlanta, which is viewed as an attempt to improve its ties with the United States.

Despite those signs, Seoul officials said that the United States will not take any drastic steps to improve its ties with North Korea.

At the same time, it is almost impossible for the U.S. government to give significant aid to North Korea facing food and energy problems because of legal and financial reasons, they added.

However, others say that the Clinton administration is inclined to take progressive approaches aimed at ensuring security on the Korean peninsula in connection with the forthcoming presidential elections.

Therefore, the U.S. Government might want to eradicate any factors of instability on the Korean peninsula through the improvement of relations with North Korea and the international community's provision of rice to the country, they said.

Some Korean officials view the observations of the U.S. Government and media on North Korea's food situation as "inappropriate," even though they recognize the North's food shortages.

They contend that North Korea still possesses an enormous amount of rice reserves for military purposes. At the same time, food situations in a developing country like North Korea should not be judged by the scale of developed countries like the United States, they said.

In the 1960's and 1970's, South Koreans also suffered malnutrition and chronic food shortages, especially during the spring season, they said. They also raised questions over the forecasts that the current food shortage will directly lead to political instability in North Korea and any military provocation.

ROK Daily on U.S. Envoy's Remarks on DPRK Aid
SK2301021696 Seoul CHUNGANG ILBO in Korean
23 Jan 96 p 10

[Editorial: "U.S. Logic on Rice"]

[FBIS Translated Text] The United States has finally exposed its true intention on providing additional rice to North Korea. James Laney, U.S. ambassador to the ROK, has publicly mentioned the need for rice support to North Korea. His remarks confirm the rumor that the United States wants to give rice to North Korea, contrary to our government's standpoint.

Although Ambassador Laney's remarks were expressed in a diplomatic and roundabout manner, he made two main points: First, stability on the Korean peninsula should be prevented from being broken due to unrest or an unexpected situation in North Korea following the food shortages. Second, rice should thus be offered to North Korea, and it could be offered via an international cooperation formula such as the Korean Peninsula Energy Development Organization [KEDO].

We agree with Ambassador Laney when he stressed that unrest on the Korean peninsula should not be touched off by North Korea's food shortages. If we believed that such unrest was imminent, how could we refuse to provide rice aid? Because our assessment is that North Korea's food situation is not as urgent or pressing [cholbak hada] as people believe, we are now watching the situation.

In view of Ambassador Laney's remarks that "the United States wishes to use food as a means to make North Korea get out of isolation," it appears that the United States expects that offering rice to North Korea will bring about opening up and that North Korea will change its attitude. However, our experience has been that ties between North and South Korea have been aggravated, even after we provided 150,000 tonnes of rice.

In the event that food were actually offered as the United States wishes, the problem would be who would provide it. Considering Ambassador Laney's remarks suggesting KEDO as a "cooperation formula," there is a good possibility that the United States would take the lead but shift the economic burden onto other nations.

The United States will likely designate our nation as the one to bear the expense and will thus try to persuade us. When the situation finally develops according to the U.S. persuasion, relations between the United States and North Korea will grow friendly, and we will be placed in an uglier spot [polssong sanapke] even as we shoulder the financial burden. Therefore, this means that North

Korea's intention to have the United States as its only partner by excluding us would be finally realized. We think there is no need for us to bear such expense.

ROK Criticizes U.S. Over Rice, Reactor Issues
SK2301040996 Seoul KYONGHYANG SINMUN
in Korean 23 Jan 96 p 2

[Article by political desk reporter Yi Sung-chol from the "Reporter's Memo Book" column: "Now Is the Time for a Rice Consortium"]

[FBIS Translated Text] What are the differences and similarities between the rice aid and the provision of light-water reactors to North Korea?

The ROK and the United States are continuing to play tug-of-war regarding rice aid to North Korea. U.S. Ambassador James Laney's remarks, made under these circumstances, gave us a strong impression that the discussion of food aid to North Korea is a replica [chaepan] of the negotiations over the provision of light-water reactors to North Korea.

In a special interview by KBS on 21 January, Ambassador Laney said that "the use of food as means for threatening North Korea's existence will be avoided," thus making food aid to North Korea an established fact.

This is the same as the previous attitude shown by the United States, which put pressure on us by putting forth the project of provision of light-water reactors to North Korea as the only solution to North Korea's nuclear problem, and concluded the North Korea-U.S. Geneva agreement.

Ambassador Laney also said that "what the United States wishes is a joint-venture type corporation" and thus proposed a plan for support of North Korea through an "international consortium."

The international consortium plan is the very method the United States worked out as a contingency since North Korea refused the ROK's emergence to the fore on the project of the provision of light-water reactors to North Korea.

The Korean Peninsula Energy Development Organization [KEDO], which began operating early last year for the project of light-water reactor provision to North Korea, is the very international consortium born in a bid to conceal the "ROK" name.

Since the launching of KEDO, our government has not been able to be at the fore in negotiations with North Korea, although it is the greatest financial supporter for the light-water reactor project, and merely depended on the so-called cooperation system between the ROK and

the United States; and between the ROK, the United States and Japan, behind the scenes.

Do we really have to participate anonymously in the food aid to North Korea because it is similar to the light-water reactor project?

The reason our government accepted the U.S. plan for an international consortium at the time was the possibility of a war breaking out on the Korean peninsula.

However, the food aid project for North Korea is, in essence, to a great extent different from the light-water reactor project.

Moreover, we think that the North Korean issue should no longer be resolved expediently, but through normal procedures or through consultations [nonui kujo].

This can be confirmed from both the project of the provision of light-water reactor to North Korea, which still faces a stumbling block; and from the process of providing rice to North Korea last year.

Seeing the U.S. high-ranking officials and public opinion continue to talk loudly about the need for food aid to North Korea since late last year, we again come to suspect that the United States is making a sucker out of us [urirul ponguro poda].

ROK Dailies Preview ROK-U.S.-Japan Talks on DPRK

SK2301052696

[FBIS Report] The following is a compilation of articles from ROK vernacular newspapers published on 23 January, which analyze the prospects of the ROK-U.S.-Japan high-level policy consultations to be held in Hawaii on 24 and 25 January. The articles also comment on U.S. Ambassador Laney's remarks on rice aid to North Korea during an interview with the KBS-1 Television Network aired on 21 January.

The conservative CHOSON ILBO carries on page 2 a 900-word article by reporter Song Ui-tal on the prospects of the Hawaii talks, where food aid for North Korea will be the top issue. The article reports that the ROK and the United States have shown "serious differences" in their views on the rice aid issue, citing Ambassador Laney's remarks that the United States "wants and will use food aid as a bait to induce North Korea to get out of international isolation, even if North Korea does not want aid." The article deems that the remarks serve as an official declaration of the U.S. policy to provide North Korea with both private and government-level food aid.

As regards Ambassador Laney's proposal for an international consortium-type rice aid, the article believes

that the consortium will only meet the interests of the United States, which does not have budget for rice aid, and will have a negative effect on the ROK's April general election. The article expects that the ROK Government will reject the consortium proposal, but will show flexibility by easing the condition "North-South talks somewhere on the Korean peninsula" to "North-South talks anywhere." The article believes that Japan will also favor giving rice aid to North Korea considering its pending issue of establishing diplomatic relations with North Korea.

The moderate TONG-A ILBO carries on page 1 a 200-word report on the scheduled Hawaii meeting. Noting that the ROK is demanding North Korea change its attitude first, while the United States and Japan call for unconditional aid to North Korea, as proven by Ambassador Laney's remarks, the article states: "It is noteworthy how the meeting will narrow differences and reach a compromise."

The left-leaning HANGYORE SINMUN carries on page 2 a 900-word article by Kang Tae-ho on the prospects of the Hawaii meeting. The article assesses that "the U.S. policy on the food aid issue has been consistent," while the ROK's has been changeable. The article reports that U.S. Ambassador Laney talked about using rice aid to open up North Korea; Nicholas Burns, spokesman for the U.S. State Department, said that the objective of the Hawaii meeting is to invite North Korea to the international community; and Stanley Roth, former member of the White House National Security Council, revealed that the United States plans to improve U.S.-North Korea relations as the latter has been very cooperative lately in the nuclear issue. The article continues to state that, contrary to the consistent U.S. position, "the ROK lacks strategy in dealing with the rice aid issue," and is only concerned about the effect it will have on the April general election. The article concludes that the ROK's attitude gives an impression that the ROK pursues reunification through absorption after North Korea collapses.

ROK Deputy Premier Views DPRK Food Situation

SK2301123796 Seoul YONHAP in English
1232 GMT 23 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 23 (YONHAP) — Deputy Prime Minister Kwon O-ki said Tuesday evening it is true North Korea is experiencing a difficult food situation but the condition is not so serious as to threaten the regime there.

While appearing in a special dialogue program of the SBS Television, Kwon who is concurrent national unifi-

cation minister said that North Korea's food production last year totaled about 3,450,000 tons.

"Given the theory that the North Korean people consume about 10,000 tons of grains a day, there will be no serious problem in the North for the time being," he said.

Kwon also said the government would steadily expand private-level exchanges between the two Koreas.

However, he was quick to emphasize the need of South-North governmental dialogue by saying, "If only to eliminate control over private-level exchanges, there needs dialogue between government authorities of the two sides."

PRC Envoy to Japan on Timing of Kim Chong-il Succession

SK2301080896 Seoul YONHAP in English
0800 GMT 23 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 23 (YONHAP) — North Korean de facto leader Kim Chong-il is very likely to assume the presidency this year, Chinese ambassador to Japan Xu Dunxin reportedly said Tuesday.

Japan's KYODO news service reported that Xu made this prediction in a lecture he delivered before the Liberal Democratic Party's Diplomatic Research Society, citing remarks made by North Korean ambassador to Beijing Chu Chang-chun earlier this month.

Kim Chong-il has already taken control of the party and military, the Chinese envoy noted.

Xu also called on Japan to exert diplomatic efforts for rapprochement with North Korea, according to the news service.

Three DPRK Citizens 'Plotted' To Defect Together

SK2001045596 Seoul THE KOREA TIMES in English
20 Jan 96 p 2

[FBIS Transcribed Text] Choe Su-pong, the wife of a North Korean diplomat in Zambia who defected to South Korea early this week, had plotted to defect along with her husband Hyon Song-il and Cha Song-kun, a Taekwondo instructor. But Hyon failed to escape from the North Korean Embassy, according to a high-ranking government official yesterday.

Choe and Cha, who slipped out of the embassy in Lusaka earlier, waited for her husband in a car parked outside the embassy compound, expecting that he would climb over the embassy wall, said the official requesting anonymity.

"The duo left the embassy after waiting for Hyon for 30 minutes, out of fear that they would be caught by embassy staffers if they stayed on," the official said, quoting the two defectors.

According to the official, Hyon's father is a general secretary of the North Korean Workers Party's Hamgyong Provincial Chapter, and his uncle is the North Korean Army's four-star general.

Fearing that North Koreans may do something to harm Choe, the South Korean Embassy in Lusaka hid her at some place in the Zambian capital where Zambia's vice foreign minister confirmed her will to defect.

"At that time, Choe told the Zambian minister that she decided to defect because North Korea was like a cracked glass that could shatter anytime," the official said.

Koreas Said Not To Form Unified Team for Atlanta Olympics

SK0401111396 Seoul YONHAP in English
0826 GMT 4 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 4 (YONHAP) — South Korea will not attempt to form a single unified delegation with North Korea for the Atlanta Olympics this summer in view of the limited time available for preparation.

North Korea has only recently decided to participate in the Atlanta games.

Deputy Culture and Sports Minister Choe Chang-sin said Thursday that it is practically impossible to form a single inter-Korean delegation for the 1996 Summer Olympics because the opening ceremonies are only about 200 days away.

To form a single Korean team it would be necessary to discuss many things with Pyongyang, including how many participants from each country and who would lead the delegation. Reaching an agreement with the North Koreans on such issues in less than seven months is out of the question in light of our past experience with inter-Korean discussions, he remarked.

In the past, the government has vainly tried to form a single unified Korean delegation to the Olympic Games.

Choe added, however, that the government will continue to promote sports exchange programs with the North, including goodwill inter-Korean games and the exchange of athletes and sports leaders, he said.

A National Unification Ministry official also said that the government is preparing measures to improve inter-Korean relations through non-political exchange pro-

grams, such as sports and cultural exchanges despite current lack of political dialogue.

ROK Daily: Number of DPRK Escapees to PRC Increases

SK0701022896 Seoul TONG-A ILBO in Korean
4 Jan 96 p 1

[FBIS summary] As a result of the worst food shortages ever in North Korea, the number of residents escaping to the PRC by crossing the Yalu River has increased.

According to remarks by residents in the Changbai Korean Nationality Autonomous Prefecture in Jilin Province, last year alone several hundreds of North Koreans escaped to Changbai Prefecture from Hyesan in Yanggang Province.

A resident living in Changbai Prefecture stated: "While fishing in the Yalu River, a Chinese resident found the body of a North Korean. It is difficult to determine how many North Koreans died while crossing the river."

North Korean women, who marry Changbai youth after escaping from North Korea, have fled deep into the PRC because they will be forcibly repatriated to North Korea if arrested by the PRC police.

Japanese Business Leader Reportedly Invited To Visit DPRK

SK0701144696 Seoul CHUNGANG ILBO in Korean
7 Jan 96 p 2

[By correspondent Yi Chol-ho from Tokyo]

[FBIS Translated Text] North Korea has officially invited Toyoda Shoichiro, chairman of the Federation of Economic Organizations (FEO), the general organization of Japanese business circles, (who is also honorary chairman of Toyota Motors), to induce investment into the Najin-Sonbong Free Trade Zone.

North Korea has so far signed \$2,160 million worth of contracts with 28 foreign companies on investments in the Najin-Sonbong Free Trade Zone. A total of \$13 million has been actually invested in the zone up to now.

This has been revealed by a secret report submitted by the FEO-affiliated East Asia Trade Institute (headed by Chairman Honma Detsuji [name as transliterated], adviser to the Mitsui Products Co.), following its delegation's eight-day visit to North Korea beginning 7 November 1995. The report was exclusively obtained by the CHUNGANG ILBO Japanese General Bureau.

According to the report, at a meeting with the Japanese delegation, Cho Won-myong, chairman of North Korea's International Trade Promotion Committee, said:

"We want to establish cooperative relations with the FEO before the normalization of North Korea-Japan diplomatic ties." He then invited Chairman Toyoda to visit North Korea in April, saying that "Japanese businesses will actively advance into North Korea when exchanges between North Korea and the FEO begin." The FEO is reportedly positively considering North Korea's proposal.

These moves by North Korea indicate that it intends to actively seek to attract Japanese capital and technology simultaneously with the scheduled industrial exhibition of two German enterprises, including an exhibition service limited company, IMAG. The exhibition will be held in Pyongyang in April and October 1996.

The East Asia Trade Institute is a channel for Japan's investment in North Korea and is composed of representatives from the seven largest Japanese general trade companies, including Mitsui and Itochu, and other famous Japanese enterprises.

Japan's Eto Takami Repeats Remarks on Colonial Rule

SK0501035496 Seoul YONHAP in English
0133 GMT 5 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 5 (YONHAP) — Eto Takami, Japan's former management and coordination minister who resigned last November after making controversial remarks justifying Japan's colonization of Korea, told reporters Thursday that his remarks had not been wrong.

Touching on Japan's annexation of Korea in 1910 in a press conference in Miyajiki Ken, Eto said, "It is regrettable that we cannot say that the annexation was based on general agreement among the (Korean) people. We cannot deny that it hurt (Korea's) national pride and there was even oppression... But it was the result of an international treaty signed by both countries."

Eto' Oct. 11 remarks that Japan had done some good things during its 35-year colonization of Korea and that Japan's policy of making Koreans assume Japanese names was not entirely coercive, drew harsh criticism from the Korean people.

"My remarks were not absurd nor were they a mistake... Japan should not be ashamed," he said.

ROK Daily on Changes in Mideast Ties, Role

SK1001135496 Seoul CHOSON ILBO in Korean
9 Jan 96 p 2

[Report by Ku Song-chae]

[FBIS Translated Text] ROK-Middle East relations are changing. Past ROK-Middle East relations could be called unilateral. Our side gained greater economic profits through construction in the Middle East than did the Middle East, which supplied oil to us.

However, today our side is sharing economic benefits through financial support to this area. A relevant Foreign Ministry official stated that "the relationship between the two sides has been lifted to mutually supplementary relations, in terms of politics and economics."

Foreign Minister Kong No-myong is scheduled to attend the international conference of nations offering aid to Palestine, to be held in Paris on 9 January, to discuss measures for the economic development of Palestine. During this conference, the ROK Government will reveal the plan to offer additional grant-type aid amounting to \$3 million. Prior to this, in April last year the government promised to offer a total of \$15 million in aid to Palestine, including \$2 million in grant-type.

The nations participating in the international conference promised to offer a total of approximately \$500 million in aid.

In November last year, our government also participated in "the Middle East-North Africa Development Bank" as a founding member. The amount of our investment totaled \$15 million, and this money will be used to help foster peace in the Middle East, including the settlement of the Palestinians, a source of discord.

The ROK Government is also making a political contribution to the Middle East. The government has decided to dispatch an observation team to the elections for the Palestine autonomous parliament to be conducted on 20 January. It is believed that the observation team, although its size has not been finalized, will contribute to building a peaceful order in the Middle East, even to a minor degree.

The ROK plan to contribute to the Middle East has been partly prompted by the requests of its allies. The United States, under the influence of its own Jews, has asked for our side's help to the Middle East. The European nations have also requested that our side "make contributions worthy of its international position." Since we also want their financial contributions to the Korean Peninsula Energy Development Organization, we can hardly reject their request.

The degree of our reliance on oil supplies from the Middle East has reached as much as 80 percent of total demand. It is expected that when our national reunification is achieved, the requirement for oil will be drastically increased. As such, constant diplomatic management over the suppliers of natural resources will be necessary. Along with this, when peace becomes solid in the Middle East, there will be a boom in construction projects in this area.

As of the end of 1995, the amount of orders our country received from the Middle East for construction projects there totaled approximately \$90 billion, thus laying the foundation for an economic leap forward.

Needless to say, our contribution to the Middle East has not been motivated merely by expectation of economic benefits. A relevant Foreign Ministry official stressed that "when our nation's international position is enhanced, its interest in areas of conflict cannot but be increased accordingly."

ROK Finance Minister Na on Plan To Enter OECD
SK0601032696 Seoul THE KOREA TIMES in English
6 Jan 96 p 9

[Report by staff reporter Yi Chang-sop]

[FBIS Transcribed Text] Deputy Premier-Finance and Economy Minister Na Ung-pae said yesterday that there is no change in the government's original plan to gain an OECD (Organization for Economic Cooperation and Development) seat for this year. He said, however, that Seoul will accommodate OECD codes "within a framework of strengthening the international competitive edge of the Korean economy and not harming stability-oriented growth."

Korea will actively participate in the APEC (Asia-Pacific Economic Cooperation) forums and increase the effectiveness of Seoul's support for the developing countries, according to the deputy premier in a report to President Kim Yong-sam, who presided over a meeting of economic ministers yesterday at the Second Integrated Government Complex in Kwachon, south of Seoul.

He said Korea will improve its foreign investment climate this year. Eighty-eight sectors will be additionally opened to foreigners. By the year 2000, Seoul will have opened a total of 143 sectors to non-residents, raising the nation's foreign direct investment liberalization ratio to 97.2 percent from this year's 95 percent. Measures will be taken to improve the way expatriate businessmen are treated, he added. The government yesterday unveiled the 1996 basic directions for the economy, which features polarization, and reforming the economy, easing

industrial polarization, improving stability and the quality of life for the citizens, and engineering economic cushions.

Soft Landing

The Korean economy in 1996 will successfully achieve a soft landing to a sustainable growth pace from the previous rapid pace, he said, predicting an economic growth rate of 7-7.5 percent, with inflation at around 4.5 percent and the current account deficit of 5-6 billion dollars this year.

Na said the government will lower the consumer price index to the 3 percent range before 1998, to establish a low inflation structure now prevailing in industrialized countries.

To ensure a stability-oriented growth, the government will manage monetary policies and public finance carefully.

The government will work to foster exchange rates which reflect the demand and supply conditions of the foreign exchange market in order for them not to become a burden on the economy, the business cycle or the balance of payment situation, Na said.

The growth imbalance among economic sectors, stemming from high wage increases, intensifying competition following liberalization and deregulation, and high quality-oriented consumption patterns, will continue into the future. He said to solve the problem, overall policy coordination to ease the restructuring process of small- and medium-sized enterprises and to fundamentally improve business conditions is necessary. He said the government will make available up to 2 trillion won to small-and medium- sized firms for the restructuring process. The state-run Korea Development Bank will provide 500 billion won to small-and medium-sized firms for their facility expansion and innovation.

Efforts will be made to increase the number of support centers for new ventures, such as the public corporation for the promotion of small and medium-sized firms, from five to 10, Na said. Technology-intensive firms will get more funds, and support for increasing the competitiveness of small and medium-sized distribution firms will be expanded, Na said.

To improve stability and quality of life for the people, he said, the government will stabilize prices of daily necessities and strengthen consumer protection policies. Policies will be implemented in a systematic way to reduce traffic congestion in the metropolitan area, as well as improve and preserve the environment. Expansion of support for public welfare and the strengthening of food safety measures will be taken, he said.

The government will continue to push for reforming the economy and improving the business environment, he said. A task force for deregulating the economic administration will be launched. The government will improve the distribution system through the expansion of social overhead capital, he said. Continued efforts will be made to improve the productivity of the public sector.

The government will continue the process of economic reform, including the implementation of the real-name real estate system and the reorganization of the tax system, with the global income tax system due for this year, as well as the real-name financial transaction system, he said.

The third-stage of interest rate liberalization was completed last year ahead of schedule, and the five-year liberalization plan for foreign investment, which was revised last year, will be carried out according to the schedule.

Deregulation

The introduction of a pension system to the agriculture and fisheries sector and an employment insurance system has laid the foundation for the establishment of a social security system, he said.

This year, export and facility investment will experience a slowdown from their high growth, but volume levels will be maintained, and the expansionary trend of private consumption and construction investment will continue, the minister said. The prolonged weakness of the yen and the mounting appreciation pressures on the won stemming from the capital market opening will blunt export expansion, he said. Prices of raw materials will not rise this year. The difficulties facing smaller firms will continue. Upgrading the competitiveness of the financial industry will be a key priority. The labor market will experience sectoral manpower shortages, and due to the emergence of a progressive labor organization, uncertainty in wage negotiations and labor-management relations will amplify, he said.

Na predicted that the overall conditions of the world economy in 1996 will be favorable due to the continuing growth trend of the global economy and the anticipated stabilization of international raw material prices. But variables of uncertainty such as the continued weakness of the yen and fluctuation of international grain prices also exist, he said. With the launching of the WTO (World Trade Organization) system intensified market-opening pressure in the automobile, financial, telecommunications and service industries will continue, he predicted.

Competition among countries will become more fierce, and the efficiency of non-trade areas such as public service, social overhead capital, wages and labor productivity will play a key role in determining national competitiveness.

ROK MOFE Makes 'Delicate Change' to Lending Policies

SK0701023296 Seoul THE KOREA TIMES in English
7 Jan 96 p 9

[Report by staff reporter Yi Chang-sop]

[FBIS Transcribed Text] The government has made a delicate change in its lending policy to developing countries, deciding to channel its limited amount of funds mostly to strategic industries in a few countries and to cut funds to poor countries having little ability to repay their loans.

A Ministry of Finance and Economy (MOFE) official said yesterday Seoul will adopt a two-tier approach in its external aid and lending policy.

The government's long-term lending arm for developing countries, the Economic Development and Cooperation Fund (EDCF), will direct its lending focus on countries such as China, Vietnam and Indonesia, he said.

Loans to African and many poor countries with little ability to repay will be made by the Korea International Cooperation Agency (KOICA), which is under the wing of the Ministry of Foreign Affairs, he added.

EDCF loans will be provided only to countries which have the "ability to repay the money and use the funds for economic development and the purchase of Korean products," he added. KOICA funds will be disbursed in the form of aid, he said.

So far, the government has used the EDCF as a bait to establish diplomatic ties with socialist countries. Allocating limited funds to so many countries has been less effective in helping recipients initiate big projects, government officials said.

In a report to President Kim Yong-sam, Deputy Premier-Finance and Economy Minister Na Ung-pae said Friday [5 January] that the EDCF program will shift from the current practice of assisting a large number of countries in small amounts to extending loans to strategic industries in a limited number of developing countries.

But government officials are reluctant to make public a change in its external lending policy in order not to risk complaints from poor countries.

Since the EDCF came into existence in 1987, many countries have lobbied to get a piece of the limited

funds. The loans, maturing in 15-25 years after a grace period of three to seven years, carry interest rates of only 2-5 percent. Also, it is made and repaid in Korean currency.

A total of 21 countries were beneficiaries of the EDCF program at the end of last year, according to MOFE data. The Korean government committed itself to extending 470 billion won from the EDCF to developing countries as of last year.

The outstanding EDCF exceeded more than 1 trillion won, or 1 billion dollars as the government injected an additional 200 billion won into the fund this year.

The EDCF and KOICA will play a different role in external aid and lending, according to government officials.

For example, the government will let KOICA grant five million dollars in "aid" to the Palestine Liberation Organization this year in a humanitarian gesture.

The EDCF, however, will operate on a purely project-specific basis, lending money in large amounts to a few strategic countries which are ready to buy Korean goods to modernize their economic system and accommodate the operation of Korean companies, officials said.

ROK 1995 Net Foreign Stock Investment Total Reported

SK0501143396 Seoul YONHAP in English
0818 GMT 5 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 5 (YONHAP) — The inflow of foreign funds into the Korean stock market totaled 4.58 billion U.S. dollars last year on a net value basis, according to the Bank of Korea.

Some 2.36 billion dollars was invested in the market, up 23.6 percent from 1994, and 2.22 billion dollars was invested in stock-related securities Korean companies issued overseas, up 24 percent.

Foreign investors brought a total of 10.14 billion dollars into the country and took 7.78 billion dollars out of the country in 1995, leaving 2.36 billion dollars invested in the stock market at the end of the year.

This left the total net inflow of foreign funds since January 1992 when the market was first opened to foreign investors, at 17.6 billion dollars, including 12.04 billion dollars directly invested in the stock market.

In 1995 the net foreign fund inflow fell from 620 million dollars in the first quarter to 150 million dollars in the second quarter and soared to 2.96 billion dollars in the third quarter when the limit for foreign investment was raised from 12 percent of a company's capitalization to

15 percent, but plummeted again to 260 million dollars in the final quarter.

Foreign investment in Korean stock-related securities issued overseas included 800 million dollars in international investment trusts, 1.31 billion dollars in depositary receipts and 110 million dollars in country funds, such as the Korea Fund.

Foreign stock investment contracts executed last year numbered 819, up from the previous year's 295. There were 349 American contracts, 194 British, 55 Taiwanese and 221 others.

ROK Foreign Investment Increased 46.5 Percent in 1995

SK1001093696 Seoul YONHAP in English
0742 GMT 10 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 10 (YONHAP) — Direct investment by non-Koreans increased dramatically last year.

In its report on foreign investment trends released Wednesday, the Ministry of Finance and Economy said there were a total of 867 direct overseas investments in 1995, up 34.2 percent from the previous year, worth a combined total of 1.93 billion U.S. dollars, a 46.5 percent jump in amount.

The number of manufacturing investments rose from 266 in 1994 to 371 last year, up 39.5 percent. The total value of their investments skyrocketed 119.7 percent from 402 million dollars in 1994 to 883 million U.S. dollars in 1995.

There were 496 cases of service investment last year, up 30.5 percent from the year before, with a total of 1.04 billion dollars invested in the service sector, a 14.4 percent increase.

Meanwhile, foreigners disinvested 61,521,000 dollars last year, as opposed to the 100 million dollars they withdrew the year before.

Such a sharp increase in foreign investment can be attributed to the government's assistance for foreign investment in high-tech fields, and the easing of regulations in all sectors, according to the report.

Kim Yong-sam Addresses ROK Chamber of Commerce, Industry

SK0501121596 Seoul YONHAP in English
0904 GMT 5 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 5 (YONHAP) — President Kim Yong-sam called on the nation's businessmen Friday to actively participate in the government's drive to right past wrongs.

"It is hoped that you will take a positive part in this drive, which in the beginning may involve pain, but will in the long run result in the healthy development of the nation's economy and businesses," the chief executive said in a new year's address to the Korean Chamber of Commerce and Industry.

The current campaign to set history straight, Kim said, is to put justice and law on a firm footing and secure a competitive edge for the nation while laying the foundation for a genuine national consensus.

The president asked the business community take the lead in eliminating such disgraceful phrases as politics-business collusion.

Noting that the fostering of small- and medium-sized enterprises is a very important issue facing the country, Kim encouraged large businesses to help them when possible.

"The government is going to exert more effort to educate a highly skilled labor force, expand our infrastructure, and support technological and information industry development, while drastically curtailing its direct interference in business activities," Kim said.

"The government is also going to expedite the process of globalizing this nation's economy by improving the investment environment for foreigners," he added.

Kim Yong-sam Urged To Hold New Year News Conference

SK0601230296 Seoul KYONGHYANG SINMUN in Korean 6 Jan 96 p 3

[Editorial: "It Is Necessary for the President To Hold a New Year's News Conference"]

[FBIS Translated Text] It has been learned that President Kim Yong-sam's New Year's news conference has been canceled. If this is true, it is indeed surprising since President Kim customarily holds a presidential New Year's news conference every year. While the presidential New Year's news conference is a customary event, it is also the most effective channel through which the president can engage in direct dialogue with the people. This is why we regret that the president will cancel the New Year's news conference.

President Kim is known to have had an active interest toward news meetings since before becoming president, and has held news meetings more frequently than any other previous president, holding one or more news meetings a month. He has held not only open news conferences, such as the New Year's news conferences and news conferences on the first and second anniversaries of his presidential inauguration, but also on the founding

anniversaries of the news media. Thus, President Kim was even told that he held too many news conferences, and beginning last year decided to hold a news conference on a news agency's founding anniversary every three to five years.

Different from previous presidents, President Kim has always allowed foreign reporters to attend his news conferences and freely ask questions, thus demonstrating the countenance of the civilian government and making the people actually feel the age of globalization. If President Kim, who showed such an active interest in direct dialogue with the people, has decided to replace the New Year's news conference with a news statement, we cannot but wonder why.

A news statement is different from a news conference not only in form but in nature. The former is a unilateral way to express only what one wants to say, while the latter is a bilateral dialogue in which reporters may ask the president about what the people want to know, and the president answers. Sometimes the questions by reporters may embarrass him as president or as the leader of the ruling party. However, the president should sincerely answer those questions as the supreme governor who has a responsibility to protect the people's lives and property as well as the country's security, and this way can increase his cohesion with the people.

If the president has decided to replace the New Year's news conference with a television speech because of expected difficult questions, as rumor reports, then he should reconsider. The people are concerned about the unusual symptoms seen in North Korea, the confused political situation, and the issue of liquidating the past; at the same time, they doubt many things. Thus, President Kim will be able to draw closer to the people when he again assumes an active interest in comforting the people and lets them understand the state policy through the New Year's news conference.

Cancellation of Kim Yong-sam's News Conference Viewed

SK0701025896 Seoul THE KOREA HERALD in English 7 Jan 96 p 2

["News analysis" by staff reporter Chon Si-yong: "President Kim To Make TV Address Instead of '96 News Conference"]

[FBIS Transcribed Text] It has been a long-standing practice for the South Korean president to hold a New Year's news conference in the first weeks of each year.

During the hour-long press meeting, the President first reads a statement before Chongwadae [presidential offices] correspondents and foreign press corps. The

statement, which outlines the Chief Executive's major policy goals for the coming year, is regarded as the equivalent of the U.S. president's State of the Union address.

Then comes a question-and-answer session between the president and the ever-inquisitive journalists, which, in many cases, produces the "hottest" news of the day.

President Kim Yong-sam himself has honored the practice since he took office in 1993, but for unclear reasons, he is passing over the New Year's press meeting this year.

Chongwadae officials said that instead of holding a news conference, the president will make a televised address to the nation early next week, probably Tuesday.

It immediately raised speculations about what's behind President Kim's decision.

The opposition also took up the issue, criticizing the president for trying to evade sensitive questions from reporters.

The opposition criticisms center on the allegation that for his 1992 presidential campaign, Kim benefited from the slush fund operated by his jailed predecessor No Tae-u.

Kim has said that he "personally" did not receive money from No, but opinion polls show that a considerable number of South Koreans do not believe Kim's denial.

"President Kim's decision to replace the New Year's news conference with a special statement is a scheme to evade questions about the 1992 campaign fund and other sensitive issues that may perplex him," said Yi Kyu-taek, spokesman for the Democratic Party.

A spokesman for the United Liberal Democrats also issued a statement, urging the president to resolve the allegation at a news conference.

The main opposition National Congress for New Politics went on to accuse Kim of high-handedness. "It is unbecoming of the civilian government that the president tries only to tell his side of story and refuses to answer questions about what the people want to know," spokesman Pak Chi-won said.

Apparently embarrassed by the opposition attacks and public skepticism, Kim's aides came forward to defend the president's decision.

Yun Yo-chun, chief presidential spokesman, said that Kim is not trying to hide and evade anything and that it is improper to criticize the president for being "haughty."

Yun said that Kim decided to deliver a special national address next week because of the need to expound his position on major state affairs of the New Year in time. He added that Kim will have a news conference later.

But he admitted that the allegation about Kim's campaign financing and other politically sensitive issues are behind the president's decision not to face reporters' questions.

"For now, it may be difficult for the president to answer some questions about, for example, his campaign financing," Yun said.

He noted that the prosecution's investigation of the No's slush fund is still under way and that it is difficult for the president to make comments before the probe comes to an end.

In fact, Kim has not kept mum about the No's slush fund and the shocking arrest of another ex-president, Chon Tu-hwan, on mutiny charges.

He issued a special statement on the 16th anniversary of the so-called Dec. 12, 1979 internal military coup led by Chon.

He employed such high-minded words as "straightening out of history" and "second nation building" in describing the arrest of both No and Chon. They now have become the Kim administration's key campaign phrases.

In contrast, Kim has been shunning direct confrontation with journalists since last November. The No scandal came to the fore in mid-October.

Kim has since been canceling exclusive interviews he otherwise would have given to the local news media on their anniversaries. He also skipped a year-end luncheon meeting with the Chongwadae correspondents last month.

ROK ULD Criticizes NCNP Presidential Reelection System

SK0501061596 Seoul YONHAP in English
0514 GMT 5 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 5 (YONHAP) — The minor opposition United Liberal Democrats (ULD) criticized major opposition party leader Kim Tae-chung's proposed constitutional amendment which would allow a president to seek another term of four years.

"People are sick and tired of the presidential system because of its defects," party Spokesman Ku Chang-nim said, reiterating the party's desire for a parliamentary cabinet system.

The spokesman criticized Kim Tae-chung, president of the National Congress for New Politics (NCNP), asserting that "political leaders running counter to the wishes of the people who are bored with the presidential system, they should reflect on their motives."

"We've seen enormous corruption, national disintegration and the split of government power as a result of the presidential system," Rep. Ku said, adding that "the parliamentary cabinet system is the most practical, realistic and proper way of administering state affairs in a democratic way."

ROK NCNP Lawmaker Investigated for Election Violations

*SK0601043696 Seoul YONHAP in English
0121 GMT 6 Jan 96*

[FBIS Transcribed Text] Seoul, Jan. 6 (YONHAP) — Police are making secret inquiries into opposition lawmaker Kim Pyong-o of the National Congress for New Politics (NCNP) on suspicion of election law violations.

The Kuro Police Station said Saturday Rep. Kim is being probed on allegations that he made massive distributions of printed materials to his own electoral district in Seoul. He has claimed that the investigation is an explicit attempt to suppress the opposition party.

Elected from the Kuro Electoral District of southwestern Seoul, Rep. Kim was indicted without physical detention last month on charges that he received money from a candidate who ran for the ward's chief post during last year's local elections held June 27.

Police officers said that they have asked the Central Election Management Commission to rule whether Kim's distribution of allegedly illegal printed material violated the current Election Law which bans candidates from conducting pre-election campaigns.

ROK NKP Postpones Special National Convention

*SK0401121096 Seoul YONHAP in English
1015 GMT 4 Jan 96*

[FBIS Transcribed Text] Seoul, Jan. 4 (YONHAP) — The ruling New Korea Party (NKP) Thursday decided to postpone its special national convention, originally slated for Jan. 26, until early next month.

Yun Won-chung, chief secretary to party Chairman Kim Yun-hwan, said President Kim Yong-sam, concurrent NKP president, approved Chairman Kim's suggestion for a postponement during their meeting at Chongwadae [presidential offices] Thursday afternoon.

Chairman Kim told the president that the postponement is unavoidable in view of the current partisan negotiations for the refixing of electoral districts based on a recent ruling by the Constitutional Court and also of a special assembly sitting.

As the special convention was put off, the ruling party plans to complete nominating its candidates for the April general elections by the end of this month instead of by Jan. 20 as originally scheduled.

The new date of a special NKP convention will be either Feb 5 or 6, a party source said.

ROK NKP Not To Accommodate 'Radical Reformists'

*SK1001094896 Seoul YONHAP in English
0734 GMT 10 Jan 96*

[FBIS Transcribed Text] Seoul, Jan. 9 (YONHAP) — The New Korea Party (NKP) has decided not to invite radical reformists into its fold in a bid to win the support of voters seeking stability as well as those seeking reform in the forthcoming general elections.

NKP Chairman Kim Yun-hwan told a meeting of the executive council Wednesday, "It is desirable to accommodate fresh reformists, but the accommodation of radical reformists will require the verification of their ideological backgrounds."

Party Secretary General Kang Sam-chae echoed this position by saying, "Harmony between rational progressives and conservatives is desirable, but the indiscreet accommodation of unverified radicals is neither desirable, nor being promoted."

In accordance with this line of thinking, the government party has virtually canceled its early plan to appoint Yi Tae-pok, representative of the Worker's Newspaper, as leader of one of its Incheon chapters, party sources said.

The party, however, appointed Yi Chae-o, former Masses Party secretary general, head of Unpyong-B district chapter in Seoul Wednesday.

On the other hand, the ruling party is strongly pushing its plan to accommodate such conservatives and middle-of-the-roads as former Prime Ministers Yi Hoe-chang, Yi Hong-ku, and Kang Yong-hun, former vice speaker Ko Hung-mun, and former lawmaker Pak Chan-chong.

The NKP intends to nominate Yi Hong-ku and Kang Yong-hun as parliamentary candidates for the national constituency seats. The party plans to continue promoting the accommodation of Yi Hoe-chang, who has reportedly been negative about joining the majority party.

Pak Chan-chong is said to be on the verge of joining the NKP.

"I understand that Pak will make his final decision after meeting with President Kim Yong-sam," a source close to Pak said.

If Pak joins the NKP, it plans to appoint him and Yi Hong-ku co-chairmen of its election campaign committee.

Some NKP members have been calling for the accommodation of former Speaker Yi Chol-sung.

Financial Difficulties of ROK Political Parties Viewed

SK0701022996 Seoul THE KOREA TIMES in English 7 Jan 96 p 2

[Report by staff reporter Pak Sung-yong]

[FBIS Transcribed Text] The nation's political parties are suffering from a serious financial pinch some 90 days ahead of the April general elections.

Conglomerates have been main sources of their political funds. It has been a time-honored practice for these chaebol to donate considerable amounts of money to political parties publicly or under the table.

Such practice has been a target of public criticism as an example of corrupt collusion between politics and businesses. But the situation has totally changed since the No Tae-u slush fund scandal erupted last October.

Vowing to cut all collusive ties between political and business circles, President Kim Yong-sam's government arrested ex-President No, who earlier tearfully confessed to amassing 400 billion won [US\$533 million] while in office.

To say nothing of No, almost all leading businessmen of the country have already stood trial in connection with the slush money scandal.

The prosecution, which also jailed former President Chon Tu-hwan, No's military academy crony and predecessor on charges of heading the 1979 military mutiny and the subsequent 1980 Kwangju massacre found Chon also milked hundreds of billions of won from conglomerate chairmen.

In reflection of the situation, the ruling New Korea Party [NKP] and the minor opposition Democratic Party [DP] have decided to sell off their real estate to help relieve some of the monetary shortage.

The major opposition National Congress for New Politics [NCNP] and the splinter opposition United Liberal Democrats [ULD] face similar situations, but they have no property to dispose of.

The NKP, which used to be the main beneficiary of donations from the business circle, decided to sell a building it had used as the office of its Seoul branch late last year.

The party estimates 70 to 80 billion [US\$93 to 106 million] won will be needed for the April National Assembly elections. It thinks it can put 20 to 30 billion won [US\$26 to 40 million] aside for the polls if the building, whose value is estimated at 60 to 70 billion won [US\$ 80 to 93 million], is sold.

The ruling party also plans to collect 40 billion won [US\$53 million] through a group of party supporters. But the group is mainly made up of businessmen who are mostly reluctant to donate money after the No slush money scandal party officials said.

The main opposition NCNP is racking its brain trying to come up with ideas to help ease its financial difficulties, including activating its supporters' organizations and collecting special fees from party members, but to no avail.

Rep. Cho Sun-hyong, secretary-general of the party, said in an interview with a TV program, "We have an idea of making the best of the party's supporters' groups. And at the same time, we will directly appeal to the people for help."

The NCNP is also urging party members to pay their fees for party operation. Under the party's regulations, three party key post holders should pay one million won [US\$1333], executive council members 500,000 won [US\$666] and sitting lawmakers 300,000 won [US\$400] in regular party fees.

The party ordered 15 vice presidents and members of the guide committee to collect 30-million-won [US\$40,000] special contributions by the end of last year but only eight of them kept the deadline, a party official said.

The minor opposition DP also plans to dispose of its party headquarters building to gather election funds. Rep. Choe Chung-ku disclosed the plan in an interview.

Party officials think the five-story building located in central Seoul will be sold at 6 billion won [US\$8 million]. The original owner of the building was NCNP leader Kim Tae-chung, but its ownership was transferred to the DP when Kim quit the party last September to create his own party.

The splinter opposition ULD experiences the most serious hardship among the nation's four political parties as far as political funds are concerned.

The officials of the party that totally relies on government subsidiaries for all party expenses said they are looking at the party's empty safe with a sigh.

The party also plans to make the best of its supporters' organizations, whose leeway of activities were expanded under the newly revised law on political funds.

ROK's Chon's Recovery 'Slower' Than Expected

*SK0301074896 Seoul YONHAP in English
0642 GMT 3 Jan 96*

[FBIS Transcribed Text] Seoul, Jan. 3 (YONHAP) — On his 14th day in the hospital, former President Chon Tu-hwan is recovering his health gradually but slower than initially expected, physicians said Wednesday.

Having been transferred to National Police Hospital during his lengthy fast in December, Chon had breakfast consisting of gruel, cabbage and beef soup, fermented rice punch and mushroom, senior physician Yi Kwon-chun at the hospital said. After eating, the former president was injected with Ringer's solution, which contains protein and glucose, Yi added.

"During the New Year's holidays, Chon recovered a little bit of energy by Ringer's liquid and other nutrition injections," the doctor said, "this morning, he washed his face and hands and relieved himself without other's help."

Chon's speed of recovery, however, is not as fast as expected as he still weighs 61 kilograms, Yi said, with the ex-president complaining of feeling dizzy and cold quite often.

ROK Prosecutors Find 32 Million Dollars in Chon Fund

*SK0801013196 Seoul YONHAP in English
0119 GMT 8 Jan 96*

[FBIS Transcribed Text] Seoul, Jan. 8 (YONHAP) — Investigators have uncovered 25 billion won (32 million U.S. dollars) worth of public bonds with repurchase agreements bought by President Chon Tu-hwan March 1988 and January 1989.

This is apparently a portion of the slush fund he amassed while in office.

Prosecution officials said Monday the former soldier and president bought 50 100-million-won bonds March 14-15, 1988, 20 10-million-won and two 50-million-won bonds on Jan. 24, 1989, and 25 100-million-won bonds on Jan. 30, 1989, all containing repurchase commitments.

Chon stepped down in late February 1988 and began his self-imposed exile at a Buddhist temple on a remote Kangwon Province mountain in November 1988. He also promised to donate all of his property to the state, before he left for the temple.

On Sunday, prosecutors visited the National Police Hospital where he is now recovering from three-week fast protesting his arrest, to question him about these assets. The results, of this questioning, however, has not yet been made available to the public.

Investigators for the prosecution have also discovered that he cashed in all of these bonds at Korea Long-Term Credit Bank, Korea Securities Depository, Hanshin Securities Co., and a Korean branch of an American bank, and are now trying to find out how he spent the money.

The prosecution is also investigating the Dec. 12, 1979, military coup and the Kwangju massacre which took place the following May. Chon was a main player in both incidents.

ROK NCNP Sues Chon Tu-hwan in Insurrection Case

*SK1001125796 Seoul YONHAP in English
1143 GMT 10 Jan 96*

[FBIS Transcribed Text] Seoul, Jan. 10 (YONHAP) — The opposition National Congress for New Politics (NCNP) on Wednesday sued former president Chon Tu-hwan and seven others in connection with the "case of Kim Tae-chung insurrection" invented by coup leaders in 1980.

In the suit filed with the Seoul District Prosecutor's Office, an NCNP Committee complained that Chon Tu-hwan, then commander of the Defense Security Command, and his men committed attempted killing and illegal detention of Mr. Kim Tae-chung and some others.

"We ask that Chon and others involved should be punished rigidly since their act constituted part of their May 18 insurrection," the Committee on Uncovery [as received] of the Truth About the Fabrication of "Kim Tae-chung Insurrection" said.

ROK Prosecution Accuses Chon, No of Treason

*SK2301131096 Seoul MUNHWA ILBO in Korean
23 Jan 96 p 1*

[FBIS Translated Text] According to the findings of the prosecution's investigation, it was learned that former President Chon Tu-hwan is the person responsible for giving the orders to shoot during the bloody crackdown of the 18 May 1980 Kwangju civil uprising. Thus, four persons—Chon Tu-hwan, Yu Hak-song, Hwang Yong-si, and Chu Yong-pok—have been accused of murder for rebellion [naeram mokchok sailin].

On 23 January, the Special Investigation Headquarters of the Seoul District Prosecutor's Office, which is

handling the 12 December and 18 May incidents (led by Yi Chong-chan, chief of the special task force at the Seoul District Prosecutor's Office and third assistant prosecutor general), announced the findings of the investigation, which took almost 50 days. It indicted eight key players related to the 18 May incident, including former Presidents Chon Tu-hwan and No Tae-u, on charges of treason, murder for rebellion, and participation in important mission of treason [naeram chungyoimmu chongsa].

On the same day, the prosecution indicted without detention Yi Hui-song, the martial law commander at the time; Chu Yong-pok, the defense minister at the time; and Cha Kyu-hyon, the superintendent of the Korean Military Academy at the time, on charges of participation in the important mission of treason. They also arrested Yi Hak-pong, the director of the counterespionage affairs section at the Defense Security Command at the time; Yu Hak-song, the commander of the Third Army at the time; and Hwang Yong-si, the deputy chief of staff of the Army at the time.

Following the conclusion of the ongoing National Assembly special session, the prosecution will request arrest warrants for four other persons—Ho Sam-su, the chief of the personnel office of the Defense Security Command at the time; Ho Hwa-pyong, the chief secretary for the commander of the Defense Security Command at the time; Chong Ho-yong, the commander of the Special Warfare Command at the time; and Pak Chun-pyong, the commander of the 20th Army Division at the time.

At 1500 PM [0600 GMT] on 23 January, the prosecution will announce the findings of the mid-term investigation regarding the 18 May incident.

Describing the background for bringing murder charges against former President Chon and others, Choe Hwan, chief of the Seoul District Prosecutor's Office, stated: "An actual order to shoot had not been given during the 18 May incident. However, the order to shoot can be regarded as implied since the soldiers of the Martial Law Command received bullets without being briefed in special instructions on gun safety, invoking the right of self-defense."

He added: "In May 1980 the new army leadership formulated a ruling scenario, a so-called plan to settle the crisis situation, and expanded martial law throughout the country, even if the social situation was not serious enough to expand the law to Cheju Island. Even if there was an army unit in Kwangju during the incident, the new army leadership sent the soldiers of the Special Warfare Command to Kwangju to crack down on the

people. This is a clear act of treason aimed at assuming power."

However, the prosecution stated: "It is true those related to the 18 May incident, the soldiers of the Martial Law Command in Kwangju, assumed an excessive self-defense attitude and fired indiscriminately at members of the civil-led army unit, but all of them mechanically followed orders from higher echelons. Thus, it is difficult to assume they had the goal of taking over power or bringing about treason. Accordingly, they will not be indicted; this includes brigade-level commanders."

In addition, the prosecution stated that because those related to the 12 December incident clearly committed treason, all would be indicted or dispensed with in public action. It added that all of them will be legally punished after the Constitutional Court completes its deliberation on the 18 May Special Law and the 12 December 1979 military mutiny and decides on whether they were in violation of the Constitution.

ROK Prosecution Indicts Chon, No, Others for 'Insurrection'

SK2301074896 Seoul YONHAP in English
0738 GMT 23 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 23 (YONHAP) — The prosecution indicted Tuesday former Presidents Chon Tu-hwan and No Tae-u and six others on insurrection charges in connection with the May 18 military crackdown in Kwangju.

The other six are Yi Hak-pong, former anti-espionage chief of the Defense Security Command; Yu Hak-song, former Third Army commander; Hwang Yong-si, former Army vice chief of staff; Yi Hui-song, former Army chief of staff; Chu Yong-pok, former defense minister; and Cha Kyu-hon, former Korean Military Academy superintendent.

The charges were in addition to the military mutiny, in the Dec. 12 military coup, and bribery charges that have already been brought against the two jailed ex-presidents.

In an interim investigation report on the Dec. 12 and May 18 incidents announced after the indictments, the prosecution said Chon, as leader of the rebellious troops of the army, is charged with sending martial law troops to Kwangju to forcibly suppress the pro-democracy demonstrations without prior approval of the president, the commander-in-chief of the armed forces.

Chon has also been charged with intimidating the cabinet into approving his plan to extend martial law beyond

the capital to cover the entire country, at a meeting held on May 17, 1980, by ordering armed paratroopers to surround the meeting room. Other charges include forcing the National Assembly to cancel a session scheduled for May 20, 1980, at which time the government-proposed democratization schedule was to be deliberated, by ordering army troops to surround the parliament building.

No and the others were accused of supporting Chon in his plan to usurp power by force.

Yi Hak-pong, Yu Hak-song and Hwang Yong-si were arrested earlier this month on charges of conspiracy, in connection with the Kwangju incident.

The six counts that Chon was charged with include masterminding the insurrection, murder for rebellion, forced detention of politicians and unauthorized deployment of army troops for rebellion. If convicted on the counts, he could face the death penalty or life imprisonment.

No was charged with five counts, including playing an important role in the insurrection, unauthorized deployment of army troops for insurrection and unlawful detention of politicians. He also faces capital punishment or life in prison if convicted.

ROK Prosecutors Continue To Summon Kwangju Victims

*SK0501064996 Seoul YONHAP in English
0556 GMT 5 Jan 96*

[FBIS Transcribed Text] Kwangju, Jan. 5 (YONHAP) — More than 10 victims of the 1980 Kwangju crackdown were summoned for questioning Friday by prosecutors as part of their ongoing investigation to uncover the true picture of the brutal suppression.

Victim Kang Kil-cho, 54, told prosecutors that he was arrested by martial law troops on May 20, 1980, near Mudeung Stadium here while participating in the pro-democracy demonstration. He pointed out that he was initially detained at Chonnam National University and was later transferred to Kwangju Prison.

"There were murderous tortures and indiscriminate massacres of innocent people at the university and at the prison by martial law troops," he added.

Chae Chong-il, 35, testified that he was wounded in the chest after being shot by army troops at 9:30 AM on May 22. The shooting occurred as he was passing by Kwangju prison aboard a truck carrying other demonstrators.

ROK Former Army Chief of Staff Questioned on Kwangju

*SK0501042696 Seoul YONHAP in English
0236 GMT 5 Jan 96*

[FBIS Transcribed Text] Seoul, Jan. 5 (YONHAP) — The special investigation headquarters investigating the Dec. 12 coup d'etat and the bloody May 18 crackdown on Friday summoned Gen. Yi Hui-song, ret., who was Army Chief of Staff and martial law commander at the time of the suppression May 18, 1980.

The prosecution also decided to call in former Vice Army Chief of Staff Hwang Yong-si and former Deputy Army Chief of Staff for operations Kim Chae-myong later in the day.

The prosecution questioned Yi about how the major military commanders' conference decided to expand martial law to the whole country on May 17, 1980, how airborne forces were dispatched to Kwangju to quell pro-democracy protests and who commanded the martial law forces in Kwangju.

ROK Ex-Military Officers Accused of 1980 Brutality

*SK1001093496 Seoul YONHAP in English
0809 GMT 10 Jan 96*

[FBIS Transcribed Text] Kwangju, Jan. 10 (YONHAP) — A group of university professors, reportedly victimized by the military at the time of the military crackdown here in May 1980, formally accused more than 10 former officers from the South and North Cholla Provincial Branch of the Martial Law Command of brutality Wednesday.

Nineteen professors from Chonnam and Chonbuk National Universities and Choson University held a press conference at Chonnam National University earlier in the day to publicly testify that they were tortured while being interrogated at the then local Joint Investigation Headquarters (JIH) and forced to resign after the May 18 bloody crackdown in Kwangju.

The accused included former Col. Choe Ye-sop, chief of the headquarters, and former Lt. Col. So Ui-nam, the headquarter's chief of investigation.

The professors who were later reinstated, also accused former Education Minister Yi Kyu-ho of dereliction of duty, saying that Yi failed to fulfill his duty by accepting their involuntary resignations and was therefore cooperating with military infringement on their authority.

There were nine professors from Chonnam University including Kim Tong-won (history), five Choson University professors including Kim Ki-sam (political science),

and four Chonbuk University professors including Yi Sok-yong (agricultural chemistry).

They said that they lodged this complaint to insure that both the military and police officers who supported Chon Tu-hwan's political power grab are punished.

According to the professors, the accused officers did not allow them to sleep for several days, and often beat them with sticks, to coerce confessions indicating that they received money from opposition leader Kim Tae-chung.

ROK 1980 'Martial Law Victims' Apply for Retrials

SK1001110896 Seoul YONHAP in English
0900 GMT 10 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 10 (YONHAP) — Some 20 members of "The Council of 1980 Martial Law Victims" on Wednesday formally applied for retrials of their cases at the Seoul High Court, in an action that may trigger a rush of appeals from those punished for violations of the then martial law decrees.

The appellars argued that the very legislation of the May 18 special law proves the outlawry of the "new military elite" and the martial law measures taken by them in 1980.

Their appeal is the first court case involving convicted violators of martial law decrees reported since the May 18 special law went into effect.

Council Chairman Yi U-chae and others were each sentenced to a year in jail by the Seoul high court after being found guilty of violating the 10th edict of martial law which was promulgated on May 17, 1980. They had been indicted for openly calling for the abolition of martial law and disclosure of the true picture of the Kwangju incident on May 18, 1980.

In their application, the appellars said, "We call on the court to reexamine our case in order to recover our honor that was downgraded by the court's ruling."

Meanwhile, the applicants are among 420 ex-convicts who had violated martial law in 1980. One of them is Rep. Pak Kye-tong of the Democratic Party, who rocked the nation by revealing decisive evidence of former president No Tae-u's slush fund last year.

ROK First Investigations Into 1979-80 Incidents Completed

SK1001115296 Seoul YONHAP in English
1056 GMT 10 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 10 (YONHAP) — The prosecution on Wednesday questioned three more

people involved in the Dec. 12 or Aug. 18 incidents, the three being ex-Rep. Ho Mun-to, ex-Third Army Commander Yu Hak-song, and former Defense Minister Chu Yong-pok.

With their questioning, preliminary investigation of the accused and accusers related to the coup, who number 77, and some reference persons have in effect been completed.

A prosecution official said the prosecution plans to carry on supplementary probe and the on-the-spot investigation of the Kwangju incident through next week.

Based on the outcome of the probe, he said, legal actions are expected to be taken around Jan. 20 against about 40 of the accused.

Those facing legal steps would include the men who attended the Kyongbokkung coup meeting, took part in the arrest of Gen. Chong Sung-hwa, or commanded major military outfits in Kwangju during the bloody suppression.

Of the 40, about 20 are likely to be indicted with or without physical detention, the official said, adding the remainder would have their cases suspended or dropped.

ROK Supreme Court Upholds Ruling on Pak Chong-chol Case

SK0401121296 Seoul YONHAP in English
0749 GMT 4 Jan 96

[FBIS Transcribed Text] Seoul, Dec. 4 (YONHAP) — The Supreme Court upheld Thursday a lower court's ruling that directed both the state and the policemen involved in the 1987 torture-death of Seoul National University student Pak Chong-chol to compensate the bereaved family.

Pak died Jan. 14, 1987 while being interrogated for alleged anti-state activities. The disclosure of the circumstances surrounding his death touched off a series of pro-democracy demonstrations which ultimately led to the Oct. 12, 1987, constitutional amendment requiring popular elections of the president.

Defendants in the damages suit filed by Pak Chong-ki, father of the victim, had appealed against the Seoul Appellate Court's ruling in 1993 that they pay 175 million won to the plaintiff in compensation.

The panel ruled that the 95 million won given to Pak's family by the police department the day after his death, on condition that no civil or criminal charges would be filed, should be interpreted as consolation or condolence money. Accepting the money cannot be construed as an abandonment of their right to seek compensatory damages, the panel said.

"It is acknowledged that that Kang Min-chang, the former national police administration commissioner, and other senior police officials tried to cover up the circumstances surrounding this death, and accordingly the state is obliged to compensate the bereaved family for its loss," the decision said.

World Bank: ROK Ranked 2d in Economic Growth Rate

SK0401055296 Seoul THE KOREA TIMES in English
4 Jan 96 p 8

[FBIS Transcribed Text] Korea saw the world's second fastest economic growth rate behind Thailand, with a 7.8 percent increase in per capita GNP, in the 1985-1994 period, according to data released by the World Bank.

Thailand marked a growth rate of 8.2 percent, the Washington office of the Korea Trade-Investment Promotion Agency (KOTRA) said yesterday, quoting the World Bank Atlas 1996.

The atlas, a booklet which was published last Saturday, gives an overview of the state of the world in dollar figures, with data on population, economic and environmental developments.

Higher growth rates were seen mainly in the developing nations. China and Singapore shared third place in the per capita GNP growth rate list.

Botswana and Maldives marked fifth and sixth with growth rates of 6.6 and 6.5 percent, respectively.

Chile with 6.2 percent growth was seventh.

Most developed nations like the United States, Japan, Germany and England saw relatively lower rates of between one and three percent.

Average life expectation was the highest in Hong Kong and Japan at 79, followed by Australia, Canada, Greece, Spain and Sweden, all with 78.

In Korea it was 71, the same as in North Korea, Bulgaria, Mexico and Poland.

The atlas classified Korea as one of the "upper-middle class group" with gross production per capita ranging from 2,896 to 8,955 dollars.

ROK Ministry Opposes Hyundai's Plans for Steel Production

SK0401102696 Seoul YONHAP in English
0804 GMT 4 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 4 (YONHAP) — The government reiterated its opposition Thursday to the Hyundai Business Group's plan to begin producing

steel, and indicated that supply and demand will be in balance by the year 2000 if the expansion plans of current steel producers are carried out.

The newly-appointed Hyundai Group Chairman Chong Mong-ku on Wednesday outlined the group's plan to become a steel producer in anticipation of a sharp increase in demand. Chong explained that that the group's own demand for steel is 5 million tons.

A ranking official at the Ministry of Trade, Industry and Energy said that additional steel mill investments are undesirable because the nation's steel production capacity will reach 46.3 million tons in 2000. Although steel supply at that time will be short of some 5 million tons domestically, the official claimed, the shortage could be covered by imports.

The official said that it will be difficult for Hyundai to continue being a profitable and competitive enterprise after spending 10 trillion won (12.8 billion U.S. dollars) to construct a new ironworks.

The official also cited a sluggish 3.3-percent growth rate anticipated for domestic steel demand in support of the ministry's opposition to Hyundai's plan.

ROK Paper Examines Effects of Industrial Deregulation

SK0501064096 Seoul THE KOREA TIMES in English
5 Jan 96 p 8

[Report by staff reporter No Chun-hun]

[FBIS Transcribed Text] Industrial deregulation will affect everything from land use and financing to environment-related matters and manpower in 1996 to help businesses continue their qualitative and quantitative expansion at a brisk pace.

At the same time, greater efforts, including cuts in interest rates, will be sought to ensure that a climate conducive to more effective industrial investments is developed, said Trade, Industry and Energy Minister Pak Chae-yun.

In a New Year interview, Pak accented the need for reviewing regulatory measures currently in force from all perspectives to find ways of making industrial conditions more competitive in an era of free trade.

"There is a feeling that the momentum for industrial deregulation was somewhat stalled last year after a couple of brisk programs to scrap unnecessary red tape in 1993 and 1994," he noted.

In the past, the minister said, decontrol had mostly been focused on the eradication of procedural processes but

decontrol along a wider front, especially in financing, will be targeted during the year ahead.

First off, MOTIE [Ministry of Trade, Industry and Energy] will work closely with related government agencies, such as the Ministry of Finance and Economy [MOFE], to cut interest rates and make foreign funds more accessible said the 55-year-old minister.

He said freer financing conditions are a critical part of encouraging continued investment in facilities and research and development which in turn is vital to promoting the nation's exports.

In areas where immediate deregulation is difficult, MOTIE will seek to change its control from direct to indirect forms and from before-the-fact interference to post-facto surveys to reduce the burden on businesses.

"For instance, the government has thus far been engaging in price control through related economic organizations. In the future, the government will participate more actively in the market, regulating the volume of imports and inventory to ensure price stability," explained the economist.

Pak, who was appointed MOTIE minister in December 1994 after serving as finance minister and senior presidential secretary for economic affairs, was for long an economics professor at Seoul National University.

As for environment-related affairs, MOTIE will move to revamp its surveillance from on-the-spot control of the installation of anti-pollution systems to allowing companies to set up the necessary equipment and inspecting them thereafter.

The new deregulation policy is seen by industry experts as representation of the determination of MOTIE to allow companies to take responsibility into their own hands while providing the necessary support to make this possible.

They said MOTIE's willingness to engage in closer cooperation with related government agencies like MOFE, Ministry of Construction and Transportation and Environment Ministry indicates that it has realized that only government-wide efforts can actually produce major deregulation.

On the export front, Pak stressed the need to improve stability in foreign exchange, quality assurance and industrial design to make Korean-made products more attractive in international markets.

However, Pak said, the government will refrain from providing excessive financial assistance even though industrial polarization, in which light industries are hurting, has emerged as a serious problem.

"While we are interesting in promoting the well-being of small companies, we will not form a policy under which financial assistance will be provided without discretion. Our efforts will be more along the line of formulating educational and training programs," he explained.

Addressing the pressing manpower shortage, Pak said renewed efforts will be made to lure housewives and retired people into work place by providing the necessary support such as the operation of day care centers.

Asked about the privatization of major state-run corporations, the minister pointed out that public hearings and in-depth studies have been and are being conducted to make the transition trouble-free.

"Owing to the nature of these companies, such as the Korea Gas Corporation, it is necessary to look into every detail. It is too early to speculate on exactly when the privatization will take place," he said, confirming rumors that the decision may be left to the next administration after 1997.

Moving on the trade front, Pak projected that the global export will grow at around 6 percent this year, lower than the 8 percent last year while tariff as well as non-tariff barriers will be lowered with the policy of freer trade.

MOTIE forecast Wednesday that exports will expand 13.4 percent this year, considerably less robust growth than the 30.4 percent last year, taking total trade to 290 billion dollars and the trade deficit to 7 billion dollars.

To cope with the chronic trade deficit, which was contained at 9.8 billion dollars last year, Pak said greater efforts will be focused on the localization of capital goods, manufacturing equipment and parts in particular.

Burma**Burmese Panel Continues Report on Executive Chapter***BK1601053796 Rangoon TV Myanmar Network in Burmese 1330 GMT 15 Jan 96*

[FBIS Translated Text] The National Convention continued its plenary session at 0900 today at the Central Conference Hall in the President's Residence Compound on Ahlone Road in Yangon [Rangoon].

The session was attended by Lieutenant General Myo Nyunt, chairman of the National Convention Convening Commission [NCCC]; Lt. Gen. Maung Thint and Brigadier General Myo Thant, vice chairmen of the NCCC, and commission members; U Aung Toe, chairman of the National Convention Convening Work Committee [NCCWC]; U Tha Dun, vice chairman of the NCCWC, and committee members; Brig. Gen. Tin Aye, chairman of the National Convention Convening Management Committee, and committee members; National Convention delegates; and local and foreign journalists.

U Arnt Maung of the civil service personnel delegates group acted as alternate chairman, while Dr. Thaung Myint, a member of the NCCWC, U Lei Kwe Gin of the Shan State Kokang Democratic Party, U Maung Gyi of the Union Pa-O National Organization, U Kyi Nyunt of the national races delegates group, U Tin Maung Kyaw of the peasants delegates group, U Bo Myint of the workers delegates group, U Hla Myint of the intelligentsia and intellectuals delegates group, and U Ko of the special invitees delegates group acted as members of the Panel of Chairmen. U Ko Ko Gyi, director of planning at the NCCWC Office, acted as secretary of the meeting.

First, the secretary of the meeting announced the validity of the session as 499 of 590 eligible delegates attended the meeting.

Next, the collective report of the panel of chairmen concerning the delegates' proposals to prescribe detailed basic principles to organize the executive chapter that will be included in the formulation of the state constitution was presented. First, the Panel of Chairmen's report on proposals for forming Region or State Governments, appointment of region or state prime ministers, and appointment of region or state ministers, was presented by Alternate Chairman U Arnt Maung from pages 477 to 503, while Panel of Chairmen Member U Ko presented pages 504 to 530. The plenary session took a short break at 0950.

When the session resumed at 1005, the Panel of Chairmen's report on proposals on the impeachment of a region or state prime minister or any minister,

resignation, removal from office, vacancy, and substitute appointments was presented by Panel of Chairmen Member Dr. Thaung Myint from pages 531 to 563, while Member U Maung Gyi reported from pages 564 to 595. The meeting recessed at 1110.

When the afternoon session resumed at 1210, the Panel of Chairmen's report on proposals on the terminology of region or state chief justice and auditor general, appointment, impeachment, resignation, removal from office, vacancy, and substitute appointment were presented by U Kyi Nyunt from pages 596 to 637, while Member U Tin Maung Kyaw reported from pages 638 to 671. The meeting took a short break at 1320.

When the session resumed at 1350, Panel of Chairmen Member U Bo Myint reported from pages 672 to 700. Next, the Panel of Chairmen's findings on self-administered division, self-administered region, nomenclature of administrative body, and formation of a leading committee were presented by Member U Hla Myint from pages 701 to 725. The plenary session ended at 1455 after deciding to hold the next session at 0900 tomorrow.

Burma's Bo Mya on Drug Trade After Khun Sa Surrender*BK2101141796 Bangkok THE SUNDAY POST in English 21 Jan 96 p 17*

[Article by Assistant Editor Ralph Bachoe]

[FBIS Transcribed Text] The United States will not be able to convince the ruling Burmese military junta to extradite drug warlord Khun Sa to stand trial in the U.S. on drugs charges, according to Karen leader General Saw Bo Mya.

Khun Sa and the ruling State Law and Order Restoration Council (Slorc) were collaborators in the narcotics business, said Gen Bo Mya. "I have always told the Americans that this is the case."

He was speaking at the recent 3rd Central Committee Meeting of the Democratic Alliance of Burma at an undisclosed location in the Karen National Union 6th Brigade's Headquarters inside Burma.

The Karen leader said Slorc would never hand over Khun Sa to the Americans and that the drug warlord would not be tried in Burmese courts. "Or even if there should be a trial, it will be one of a token nature," he said.

Khun Sa was indicted in a New York court in December 1989 on charges of narcotics trafficking relating to the 1988 seizure at a Bangkok port of 1.05 tons of heroin. Narcotics suppression officials say Khun Sa was

responsible for roughly half of Burma's annual opium crop of some 2,000 tons.

Mention of a \$2 million reward America posted for the capture of Khun Sa caused Saw Bo Mya, 67, to burst out in laughter. "America has offered \$2 million for Khun Sa's arrest. Now what if Khun Sa turns around and offers Slore \$20 million? Then what would the American government do?"

The Burma Socialist Programme Party (BSPP), as well as the Slore, have always been involved in the opium trade, he said. "Now the Slore dares not hand over Khun Sa to the Americans because they are afraid that he will spill the beans concerning their involvement in the drug business."

Two years ago, when Slore troops were marching on Khun Sa's stronghold, they turned back after the warlord gave them 40 million kyats (\$6.6 million official or 720 million kyat on the black market).

This, Saw Bo Mya said, was disclosed to him by officials of the now-defunct Shan State Army.

Reuters recently quoted an officer of the Mong Tai Army [MTA] as saying: "Since 1992, Khun Sa paid 500,000 kyats (\$5,000 on the black market or \$83,333 at the official rate) a month to the general commanding this region."

Meanwhile, Tin Maung Win, vice-chairman of the Democratic Alliance of Burma, said of Khun Sa's deal with the Slore: "I don't think it will have an impact as to the reduction of opium output."

"Production will remain stable or even perhaps increase in tonnage. There is the possibility of many drug bonfires being staged in the near future as a smokescreen to demonstrate their sincerity in drug eradication."

"Second, I would not like to predict the outcome in the wake of the deal cut between Slore and Khun Sa. However, it comes as a great relief to all of us because in the future authors from around the world, including those from the West, who come out with books like *Opium Politics and Burma*, and *Opium Politics in Asia and Revolutionary Resistance Forces* will not be able to make any more blanket accusations against revolutionary forces like us from this day on."

"In the future only the Slore and Khun Sa will have to be fully responsible when it comes to matters pertaining to opium transactions."

At one time, he said, the Karens were accused of dealing drugs. An influential Thai businessman hinted that Saw Bo Mya and Khun Sa had come to an understanding in the drug trade after they met five years ago at MTA's Ho Mong headquarters.

It was alleged Khun Sa had then paid Saw Bo Mya an undisclosed sum of money. Tin Maung Win claimed the allegation shocked Washington, which believed the rumours.

"So now that Khun Sa has gone over to the Slore and is no more in the territories occupied by the democratic forces, it has come as a great relief to the revolutionary fighters. Also, now Khun Sa can legally deal in opium with the Slore's full blessing," he said.

"In addition, Khun Sa's move has also proved a boon to Shan nationalists in the sense that their credibility as freedom fighters would be restored," Tin Maung Win added. Shan nationalists had earlier deserted the Mong Thai Army.

Saw Bo Mya said the Khun Sa-Slore deal came as no surprise. "From the very beginning Khun Sa has been a Slore lackey. Before he got into the opium growing business, Khun Sa was leader of the Village Defence Force [local militia] under the BSPP. In return he was given a free hand to deal in opium and guns."

The Village Defense Force, or Ka Kwe Ye, was formed as a deterrent to revolutionary forces fighting the Rangoon junta. Khun Sa was conscripted into the force in 1950. Years later he ran into trouble with the military regime and was jailed for four years before being released in 1973. He later moved to Ho Mong and set up the MTA.

Saw Bo Mya believes the BSPP had told Khun Sa to go underground. "This is because the Burmese military had never seriously staged an attack on the MTA despite receiving 10 helicopters and financial support from the United States to suppress Khun Sa."

"All the Slore did was to attack the Karens and other minority guerrilla forces," he said.

Before Slore captured the KNU headquarters at Manerplaw in January 1995, they declared they would launch an attack on Khun Sa's base and Washington believed them.

"But all they did was to concentrate on Manerplaw while they were not serious in really going after Khun Sa's forces because Slore forces withdrew from the scene of the battle with the Shans after only two or three days."

The Karen leader had met his Shan counterpart only once to negotiate a deal about stemming the flow of drugs to West Germany. Local press reports, however, said that Saw Bo Mya had visited Ho Mong to buy artillery rounds and also to train the MTA in using landmines. The KNU denied the report.

According to Saw Bo Mya, the reason for the trip to Shan state was to relay a message from a West German named Dr Duthier who he had earlier met.

The German, according to Saw Bo Mya, had told him that many youngsters of rich German families are becoming drug addicts and their families were prepared to financially support the cause of drug eradication in their country.

He asked if it would be possible for Saw Bo Mya to contact Khun Sa and convince him to stop heroin production. "If this was possible," said Saw Bo Mya, "the German told me that both Khun Sa and the Karen revolution would be rewarded financially for our efforts. So I undertook the journey."

Describing his meeting, Saw Bo Mya said he told Khun Sa to stop his activities as the world was against drugs.

He said he told Khun Sa: "If you are prepared to work towards opium eradication, Germany is prepared to support you financially, so how much would it cost annually?" Khun Sa was said to have replied that he would require \$50 million a year and if that was possible, opium production would be eradicated in six to eight years.

However, Khun Sa told Saw Bo Mya the growing of opium would not be halted immediately, but would be gradually reduced from year to year.

"That was Khun Sa's promise, but the German failed to show up," said Saw Bo Mya.

After his visit, he waited three months for the German to contact him. After he failed to show up, the general concluded the German had probably been killed by drug dealers in Germany.

Saw Bo Mya related another incident concerning the U.S. Drug Enforcement Agency (DEA) when he visited Taiwan around 1976. He said he met a DEA official with whom he discussed the drug problem in the Golden Triangle.

"This official," he said, "told me that the work of eradicating drug production and trafficking is not an easy task. It involves a lot of factors. Just imagine if we had to drastically crack down on heroin production at one go, what would then come of the DEA workers? They would soon be out of work."

Drawing an analogy between this alleged conversation and the Slore, a Burmese democratic dissident explained why the Rangoon junta had to have a 300,000-strong military.

He said it would look pointless for Slore in the eyes of the international community to keep expanding its armed forces if there were no external or internal threats.

So instead of staging an all-out offensive and making it appear that it was difficult to come to terms with the rebels, and by not calling for a ceasefire all these years, the Slore has been able to justify its arms build-up.

Likewise, the dissident source said, if America had years ago waged an all-out war against drug barons for the immediate cessation of heroin production, the DEA would not exist today.

According to Jack Anderson, a Washington D.C. based columnist, 79 U.S. Federal agencies are involved in one capacity or another in dealing with the drug trade — from the DEA to the Coast Guard. And this does not include the local police force.

Burma: 10,483 MTA Troops Surrender Since 5 Jan
BK2201154796 Rangoon Radio Myanmar in Burmese
1330 GMT 22 Jan 96

[FBIS Translated Text] Members of the Mong Tai Army, or MTA, headed by Khun Sa, having realized the government's endeavors for development, peace, and tranquility; its achievements for national reconsolidation; and the Defense Services' genuine goodwill toward the armed groups, and totally abandoning their policy of armed struggle and illicit trade and production of narcotic drugs that only threaten and ruin human lives, have been continually returning to the legal fold and surrendering their arms to the Defense Services.

On 20 January 1996, a group of 61 MTA members led by Deputy Divisional Commander Ywet Mane of the 8th Brigade surrendered along with 60 assorted weapons to the Defense Services authorities at a ceremony held in Wakyin village of Ke-Hsi Township, Southern Shan State, in the western Salween River region. Lieutenant Colonel Khin Maung Soe, the acting tactical operations commander, delivered a welcoming speech at the ceremony while MTA leader Ywet Mane explained their reasons for surrendering. The ceremony ended in the morning. After the ceremony, responsible Defense Services officials provided the necessary assistance to the MTA members. They left in the afternoon to rejoin their families using transportation provided by the Defense Services.

Similarly, surrendering MTA members from the eastern Salween River region were given the necessary assistance by senior Defense Services officials and were provided with military airplanes, helicopters, and motor vehicles to transport them to rejoin their families.

On 20 January, another 94 MTA members surrendered along with 30 assorted weapons in the Loi Htun region of Eastern Shan State in the eastern Salween River region.

It has been learned that a total of 10,483 members of Khun Sa's MTA have already returned to the legal fold since 5 January, surrendering 6,518 assorted weapons, arms factories, and ammunition depots to the Defense Services.

Brunei, Malaysia & Singapore

Brunei

Singapore Minister Meets With Brunei Ruler

BK1801020396 *Singapore THE STRAITS TIMES in English 17 Jan 96 p 15*

[Report by Ignatius Stephen in Bandar Seri Begawan]

[FBIS Transcribed Text] Singapore's Home Affairs Minister, Mr. Wong Kan Seng, who is on a three-day visit to Brunei, was granted an audience by Sultan Hassanal Bolkiah at Istana [Palace] Nurul Iman soon after his arrival here on Monday.

The two are understood to have discussed strengthening of relations between the two countries, according to sources.

Mr. Wong, accompanied by senior officials from his ministry, was met at the airport by the Special Adviser to the Sultan and Brunei's Home Affairs Minister, Pehin Datuk Haji Isa, and Mr. Anthony Chng Chye Tong, Singapore's High Commissioner to Brunei.

Yesterday, the delegation visited a drug rehabilitation centre and in the afternoon played a round of golf. During talks, Mr. Wong and Pehin Datuk Haji Isa discussed close co-operation in matters of immigration and drug control.

Mr. Wong also called on the Minister for Foreign Affairs, Prince Mohamed Bolkiah. He is due to leave for home today.

Malaysia

Australia To 'Keep Open Mind' About Joining ASEAN

BK1701102696 *Kuala Lumpur THE STAR in English 17 Jan 96*

[Unattributed report — received via Internet]

[FBIS Transcribed Text] Kuala Lumpur — Australian Prime Minister Paul Keating said it was not time for his country to think about joining Asean but it will "keep an open mind."

"We have not been invited as yet," he said at a press conference after bilateral talks with Datuk Sri Dr. Mahathir Mohamed.

Keating said what was important now was for Australia to integrate itself in the "trade and traffic" of the region.

"We are smoothing this out and this probably matters more than political structures," he said on the second day of his three-day visit to the country.

He said the Asean Free Trade Area (Afta) was the proposition that both Australia and New Zealand could "do something in concert" with.

He hoped Australia could get open access to the markets quicker and better so that it could be part of the economic-trade integration in the region.

"The next step is for Asean to think about it," he said adding, however, that Australia could never be an Asian country.

On Monday, Singapore Prime Minister Goh Chok Tong was quoted in THE AUSTRALIAN FINANCIAL REVIEW as saying that it was "thinkable" for Australia and New Zealand to join Asean one day.

On the bilateral talks with the Malaysian Prime Minister, Keating described them as "very useful and fruitful."

He said he did not discuss the proposed East Asia Economic Caucus (EAEC) with Dr. Mahathir "but for us, Apec (the Asia Pacific Economic Co-operation) provides the forum of co-operation" in the region.

This, he said, was because it included the largest and most lively economies in the regions such as China, Japan and the United States.

Malaysia's Mahathir Discusses Keating Visit

BK1701121196 *Kuala Lumpur THE STAR in English 17 Jan 96*

[Unattributed report — received via Internet]

[FBIS Transcribed Text] Kuala Lumpur — Datuk Sri Dr. Mahathir Mohamed said Australian Prime Minister Paul Keating's visit here was important in overcoming any misunderstanding between the two countries.

The Prime Minister described the present relationship between the two nations, which took a dip in 1993, as harmonious.

"Of course there will be hiccups off and on. But we can take them [in] our stride," Dr. Mahathir told reporters after his meeting with Keating yesterday. Keating, who arrived on Monday, is here on a three-day official visit.

Bilateral relations soured when Keating called Dr. Mahathir a "recalcitrant" for not attending the inaugural meeting of the Asia-Pacific Economic Co-operation in Seattle in 1993. Keating later expressed regret for the remark.

To a question, Dr. Mahathir said when he stated that Australia should not criticise but understand Malaysia, he wanted it to understand the situation in Malaysia.

Dr. Mahathir said Malaysia did not think it had a right to tell other nations how they should run their countries.

"Malaysia is multi-racial. It has its sensitivities and problems. People should understand this before passing opinions. They should at least understand what we face."

Asked if he thought that Keating understood that now, Dr. Mahathir said he believed the Australian Prime Minister did.

On a proposal by Singapore Prime Minister Goh Chok Tong that Australia be accepted into Asean, Dr. Mahathir said he believed that it was not time yet.

He said it was not discussed during his meeting with Keating but they did exchange views on Australia's role in Asia, not in political matters but in the economic aspects.

"Obviously Australia has a role to play in Asia but to what extent is something which Australia and Asian nations will have to determine."

Dr. Mahathir said Keating made it very clear that Australia was not attempting to be an Asian nation nor European nor American but "an Australian nation."

Australia's Keating Ends Official Malaysian Visit

BK1701102996 Kuala Lumpur RTM Television Network 3 in Malay 0530 GMT 17 Jan 96

[FBIS Translated Text] The meeting between Prime Minister Datuk Sri Dr. Mahathir Mohamed and his Australian counterpart Paul Keating was considered a success. Keating's visit to Malaysia, among other things, has opened a wider avenue for mutual understanding and for fostering closer bilateral relations.

Keating and his wife are concluding their first official visit to Kuala Lumpur today. This morning, Datuk Sri Dr. Mahathir and his wife called on the couple at the hotel to bid them farewell. Keating is expected to stop in Singapore within the framework of his visit to this region.

In Singapore, Keating is scheduled to meet with Prime Minister Goh Chok Tong.

Present at the airport to see Keating and his wife off were John Dauth, Australian High Commissioner

to Malaysia; Dr. Leo Michael Toyad, deputy foreign minister; and Kerk Choo Ting, deputy minister of international trade and industry. Dauth stated that he agrees with Datuk Sri Dr. Mahathir's view on the need for mutual respect to further strengthen bilateral relations between the two countries.

[Begin Dauth recording in English] I think you ought not to be confused by what some Australian media or Australian NGO's [nongovernmental organizations] might say with what is said by the government. The Australian Government and indeed the Australians in abroad [as heard] very much value their relations with Malaysia on the basis of mutual respect, and respect for ecology in our relationship...[end recording]

Malaysian Peacekeepers in Bosnia Ask To Serve Under French

BK1301132896 Kuala Lumpur THE STAR in English 13 Jan 96

[Report by Sreejit Pillai — received via Internet]

[FBIS Transcribed Text] Kota Tinggi — The Malaysian Armed Forces, set to join NATO's new Implementation Forces (IFOR) in Bosnia-Herzegovina by January 31, wants to serve with French forces instead of being under British command.

Defence Minister Datuk Syed Hamid Albar said this was because it would take about 90 days to move the men and equipment under the Malaysian Contingent (MalCon) from its base in Konjic to the area under British military presence. MalCon is the new name for the Malaysian forces. Before Malaysian forces under the United Nation's Protection Force (Unprofor) in Bosnia were known as Malaysian Battalion (MalBatt).

"We will write to the NATO headquarters to inform them of our request," he told reporters after attending the UMNO [United Malays National Organization] branch committee yesterday. Syed Hamid added that the ministry's accounts officers would accompany the remaining 1,533 troops to be sent to Bosnia.

"This is because the Government is paying for MalCon's upkeep in the peacekeeping force there," he said, adding there are currently 971 Malaysian troops in Bosnia. Syed Hamid also said Malaysia would send 50 police officers to become part of the International Police Task Force for public order duty in Bosnia but declined to mention when they would be sent.

IFOR's 60,000 troops were given the task of implementing the peace accord agreed by Bosnian, Serb and Croat leaders in Dayton, Ohio last month.

Malaysian Businesses Invited To 'Apply' for Israel Trade

BK1701121496 Kuala Lumpur NEW STRAITS TIMES in English 16 Jan 96

[Report by Sarban Singh]

[FBIS Transcribed Text] BUSINESSMEN can now apply to the Foreign Ministry to trade with Israel, Deputy Foreign Minister Datuk Leo Michael Toyad said yesterday.

"We like to see local businessmen going into the region especially since there are efforts to maintain peace there," he told reporters after a dialogue with a 16-member delegation from the United States-Asean Business Council.

He said the Government was looking into the possibility of allowing Malaysian businessmen to invest in Israel because Israel has been very positive in wanting peace with Palestine and other Arab nations.

"Israel had returned most of the occupied territories to the Palestinians in accordance with the peace accord. We are confident that peace will be maintained there," he said.

Positive developments in the Middle East began since the signing of the Israel-Palestinian Liberation Organisation peace accord on Sept 13, 1993.

International Trade and Industry Minister Datuk Seri Rafidah Aziz announced on Saturday the Cabinet had directed her ministry to look into the possibility of opening trade links with Israel in stages.

The study to finalise the matter would be made within a month.

Toyad said: "Israel has been showing a lot of interest in having trade relations with Malaysia. There are also plenty of opportunities in the Middle East, including Palestine, and the Arab countries. It is a big market."

The Government had last year allowed businessmen to trade on a limited scale with Israel through export and import licensing on a case-by-case basis for selected sophisticated electronic products.

The study to establish trade ties with Israel followed further requests by the private sector.

Replying to a question, Toyad said it was not necessary for Malaysia to establish diplomatic links with Israel to enable Malaysians to do business and cited Taiwan as an example with whom Malaysia had no diplomatic ties but allowed Malaysians to set up businesses or partnerships with Taiwanese.

Earlier, he said, the dialogue with the US-Asean Business Council delegation discussed matters pertaining to policies and opportunities for investment in Malaysia.

"We discussed US interests in Malaysia and encouraged them to increase their investment. We gave them a general overview of the new policies we will implement to facilitate their investment here," he said.

The delegation, led by its president Ernest Z. Bower, would also visit the Ministry of International Trade and Industry, Malaysian Industrial Development Authority and the Economic Planning Unit in the next three days.

They would call on Deputy Prime Minister Datuk Sri Anwar Ibrahim, who is also Finance Minister, today.

Singapore

Australia's Prime Minister Describes UN as 'Outmoded'

LD1701173496 Mel'bourne Radio Australia in English 1700 GMT 17 Jan 96

[FBIS Transcribed Text] Australian Prime Minister Paul Keating says small and medium countries can have a greater influence in world affairs through regional groupings rather than outmoded structures such as the United Nations. Delivering the prestigious Singapore Lecture in Singapore, Mr. Keating said the expectations of the new world order following the end of the cold war have failed to materialize. He blamed the United Nations, which he said reflected the world of the 1940's rather than the 1990's. Mr Keating said regionalism offered the chance to shape the world well into the 21st century:

[Begin Keating recording] In the immediate future, regionalism offers the capacity to generate new ideas, to subsume old enmities, and provide new ways of doing things. I believe it can let the light in, in a way that global structures are too large or unwieldy or too [words indistinct]. [end recording]

Mr. Keating also said that environmental problems would sooner than many people think begin to affect the way people enjoyed the benefits of regional economic growth, and would begin to impede that growth.

Singapore Accepts 'More Advanced Developing' Nation Tag

BK1701092496 Singapore BUSINESS TIMES in English 17 Jan 96

[Report by Anna Teo — received via Internet]

[FBIS Transcribed Text] (SINGAPORE) Singapore's per capita income of US\$23,360 (S [Singapore]

\$33,288) may be the world's 12th highest, but it is not a developed country.

According to the Organisation for Economic Co-operation and Development (OECD)'s classifications, Singapore is one of six "more advanced developing countries".

The Paris-based organisation has not labelled Singapore a developed economy, said James Michel, chairman of OECD's Development Assistance Committee (DAC), last week in response to queries from BT [BUSINESS TIMES].

Yesterday, Trade & Industry Minister Yeo Cheow Tong said the government recently clarified the matter with the OECD. The "more advanced developing country" tag, he said, is a "more accurate description of us".

"We'd like to be called 'developed country' when we're there, but not prematurely."

An OECD decision was taken in 1992 that the six high-income countries — Singapore, Brunei, the Bahamas, Kuwait, Qatar and the United Arab Emirates — would no longer require development aid.

They would therefore be removed from the DAC list of developing countries after three years. The six countries, deemed to have achieved some "significant measure of development progress", would instead be moved to another list, headed "more advanced developing countries".

The six were "graduated" on Jan 1 this year.

Brigid Janssen, head of communications at OECD, told BT: "Many reports have interpreted this (the graduation) as the equivalent of calling Singapore a developed nation, but this is not our terminology."

OECD does not have a "developed country" category in its classifications, but it considers all its 26 members to be developed economies.

Mr Yeo, in an interview with the media yesterday, said: "We lack the depth and breadth of the developed economies." In particular, Singapore has little home-grown technology, relying mostly on imported expertise; the educational profile of its workers lag even that of other Asian newly-industrialising economies; and Singaporeans still lack somewhat, social graces.

"It'll take us another five to 10 years to get there, but we'll get there, provided the people continue to work hard and smart, and we continue to put in the necessary investments in education, business and social infrastructures."

With the admission of Mexico in 1994 and the Czech Republic last month as members, there are now 26 coun-

tries in the OECD. South Korea has sought membership, and is likely to be admitted this year, Ms Janssen said. "Poland and Hungary have also said they hope to join this year."

Countries aspiring to join the OECD must meet two criteria: they must be a pluralistic democracy, and be a full market economy. A detailed examination then follows of various factors, such as full currency convertibility, to see if the country meets OECD's membership criteria.

Asked if Singapore would meet the mark, Ms Janssen said the question would arise only if and when Singapore applies for membership, which it has not done. Singapore takes part in the OECD's Programme for Dynamic Non-Member Economies.

Singapore's Lee Kuan Yew Leaves Hospital, Plans Rest

BK2301102896 Singapore Radio Corporation of Singapore in English 1000 GMT 23 Jan 96

[FBIS Transcribed Excerpt] Senior Minister Lee Kuan Yew has been discharged from hospital after undergoing a treatment for a narrowed coronary artery over the weekend. Speaking at a news conference today, a cheerful Mr. Lee said he will be taking a rest for the next few weeks. If his doctors give him the go-ahead, he will continue with work as usual. [passage omitted]

Cambodia

U.S. Defense Official Arrives in Cambodia

BK1101104396 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 11 Jan 96 p 2

[Report by Neang Sral]

[FBIS Translated Text] The deputy commander in chief of the U.S. Pacific Command arrived in Cambodia on 9 January to assess the need of Khmer Royal Armed Forces for nonlethal aid from the Pentagon.

General David Bramlett told newsmen at Pochentong airport that the United States will continue to support Cambodia as it implements its young democracy. During his two-day visit to Cambodia, Gen. David Bramlett met with Second Prime Minister Hun Sen; Generals Tie Banh and Tea Chamrat, co-defense ministers; and many other leading officials. Also during this visit, Gen. David Bramlett visited former Khmer Rouge soldiers at Phnum Voar.

The U.S. Government has provided the Royal Government with hundreds of tons of food supplies to support the latter's program in welcoming thousands of Khmer

Rouge families back to national society. The U.S. Government has also provided aid, through nongovernment organizations and other organizations, to Cambodia for national development. In 1994, U.S. aid was \$38 million and increased to \$40 million in 1995, including \$12 million of nonlethal military aid.

The U.S. Embassy spokesman said on 9 January that he expected the U.S. Government's nonlethal military aid in 1996 to be the same amount as in 1995.

Gen. David Bramlett's visit was made prior to that of Winston Lord, U.S. assistant secretary of state, who is scheduled to arrive in Cambodia this Sunday — 14 January.

Cambodian Interior Ministry Delegation Departs for Thailand

*BK1401143796 Phnom Penh REAKSMEI
KAMPUCHEA in Cambodian 14 Jan 96 p 2*

[Unattributed report]

[FBIS Translated Text] On 11 January a delegation from the Interior Ministry led by Im Chhunlim and Kieng Vang, interior ministry state secretaries, left for a study visit to Thailand and met with Thai Prime Minister Banhan Sinlapa-acha.

These two interior ministry officials will pay a lengthy visit to study administrative structures in Thailand. Along with many high-ranking officials this delegation will observe administrative structures in a number of Thai provinces such as Bangkok City, Chiang Mai, Khon Kaen, Chonburi, Satun, Songkhla, Yala, and Phet Buri.

Clashes With Rebels Near Thai-Cambodia Border Continue

*BK2301073696 Phnom Penh REAKSMEI
KAMPUCHEA in Cambodian 22-23 Jan 96 p 2*

[Report by Stoeng Khieu]

[FBIS Translated Text] Clashes between government troops and Khmer Rouge [KR] rebels near the Thai border continue unabated in the Khla Ngoap region south of O Chreou District, Banteay Meanchey Province, during the third week of January.

Sources in the military command of the northwestern battlefield revealed on 17 January that government forces from the Banteay Meanchey Operational Subzone attacked and entered a rebel stronghold at point 63/91, four kilometers south of Khla Ngoap. This report claimed that government forces destroyed three rebel shelters, defused 71 mines planted by the rebels in the area, and seized nine 60-mm shells.

The above military sources added that on the same day, the government's 3d Division clashed with rebels east of Tuol Samnar village, south of Khla Ngoap. Six rebel soldiers were wounded.

The same sources also claimed that the same day government forces from the 12th Division conducted demining activities in the Khla Ngoap area. They defused 78 land mines while those from the 11th Division defused two.

The sources did not reveal government losses in all these clashes.

Also on 17 January, it was reported from Sangke District, Battambang Province, that KR rebels fired an H107 rocket from Boeng Khnas into the Svay Chek area in Reang Kesci Commune at point 09/29. The rocket did not explode.

Battambang railroad sources disclosed that on the same night KR rebels placed mines to destroy bridges and the railroad between the Kouk Trom and Kaoh Cha stations in Kakaoh Commune, some 12 km north of Moung Russei District. This rebel attack with home-made bombs blew up a 34.65-meter bridge at kilometer marker 235+802. A 120-meter stretch of railroad from marker 234+080 to marker 234+200 was badly damaged.

A railroad official called this mine attack as another attempt by rebels to disturb the activities of the railroad experts who are working to quickly repair the line southeast of Battambang city to reopen the railroad traffic in February.

Value of 1995 Cambodian Export Goods Reported

*BK1201061296 Phnom Penh REAKSMEI
KAMPUCHEA in Cambodian 12 Jan 96 p*

[Report by Kamrang]

[FBIS Translated Excerpt] In 1995, a great many kinds of goods produced in Cambodia were exported to 26 countries worldwide. The total value of the exported goods represents a nearly eight-fold increase compared to the same period last year.

According to the Trade Ministry's Generalized System of Preference [GSP] office, goods produced in Cambodia have expanded their markets overseas each year. The goods exported include garments, furniture, processed wood, lotus seeds, sesame, tea, cow skins, coral flowers, sculptures, timber, rubber, straw mats, scalps, Angkor beer, ritual burning papers, and wooden toys.

The GSP office said that garments were on top of the list of the 20 kinds of goods exported. They were followed by furniture, processed wood, and straw mats.

The total value of export goods was over \$27 million, nearly an eight-fold increase over 1994, when the total value of goods exported was only over \$3 million. [passage omitted]

The same source added that exports of garments took the biggest share in the overseas markets with a total value of \$26 million. The remaining goods only amounted to over \$1 million.

The countries that are the markets for Cambodia's export goods comprise France, Britain, Germany, Belgium, Spain, Switzerland, Austria, Norway, the United States, Canada, Luxembourg, Russia, Italy, Japan, Ireland, Denmark, Sweden, Finland, Singapore, Korea, Hong Kong, Taiwan, Netherlands, and Macao.

Cambodian Military Reports Heavy Troop Movements

*BK2001131896 Hong Kong AFP in English
1156 GMT 20 Jan 96*

[FBIS Transcribed Text] ARANYAPRATHET, Thailand, Jan 20 (AFP) — Phnom Penh has poured troops and heavy weapons into northwestern Cambodia to mount a large-scale offensive against the Khmer Rouge, a Cambodian military source said Saturday.

The source said at the border here that reinforcements of troops and heavy weaponry had arrived from Siem Reap, Battambang and Ta Keo, adding the military was also considering air sorties to bomb Phnom Malai, the major rebel base southeast of here.

The air raids would be followed by ground attacks by special warfare units under the 3rd division combined with the formidable "Black-Fatigue" elite forces from the 12th division based in the border commercial town of Poipet against the rebels defending Hill 25.

The Khmer Rouge seized Hill 25 last year and Phnom Penh is determined to recapture it to enable the government forces to advance to Phum Klar Ngoap, two kilometers (1.2 miles) to the west, which is the strategic approach to Phnum Malai.

Hill 25 lies just south of the tip of Laem Nong Ian where Thailand protrudes nine kilometers into Cambodia and some 10 kilometers southeast of Poipet.

The hill has been the scene of heavy fighting since Wednesday in which more than 50 Cambodian soldiers were killed and two tanks destroyed and the rebels lost about 30 fighters, the source said.

The Khmer Rouge Saturday mobilized some 200 fighters to Hill 25 and about 1,000 others with military hardware including tanks and BM-21 40-barrel rocket

launchers have been moving north from Pailin to Phnum Malai, Thai military sources here said.

Meanwhile, northeast of here in Ubon Ratchathani province, considerable military movement across the border has been reported, a Thai army source contacted by telephone from Bangkok told AFP.

"At least two Cambodian government tanks were heard rumbling past An Ma Pass during the past few days and sporadic artillery rounds and exchanges of gunfire echo here daily with the heaviest on January 7 and 8," the source said.

Phnom Penh has mobilized huge forces from Siem Reap and Kompong Thom since early this month in a renewed attempt to take the pass from the Khmer Rouge, a task it failed to accomplish last July, he said.

The rebels' forward base at An Ma Pass has been reinforced by its main base at Anlung Veng about 10 kilometers to the west, he said, adding that some 40 Khmer Rouge were seen patrolling the pass on Saturday.

The Khmer Rouge have also braced for the government's attacks and "heavy fighting is very likely to take place in the next few days," he said.

Cambodia's Sihanouk Denies Succession 'Speculation'

*BK0901072796 Phnom Penh REAKSMET
KAMPUCHEA in Cambodian 8-9 Jan 96 pp 1, 2*

[Report by Vanna]

[FBIS Translated Text] His Majesty King Norodom Sihanouk has issued a second reaction to speculation by some observers and individuals who have continued to suggest unfairly that the elevation of Queen Norodom Monineat Sihanouk to the title of "supreme wife" is an indication that she will succeed King Norodom Sihanouk.

In a letter dated 5 January, King Norodom Sihanouk said: Although I already issued a clarification on 4 January, some so-called "observers" and individuals have continued to create difficulties for me by making a most unfair but skillful suggestion that "I intend to amend the current Constitution to make it possible for a succession to the throne by my wife (Kingdom of Cambodia II) even though Norodom Monineat is not a man but a woman, and even though Norodom Monineat is not a descendant of King Ang Duong, King Norodom, or King Sisowath."

In his 4 January letter, King Norodom Sihanouk clearly pointed out that in elevating his queen to the title of "supreme wife" he had "no intention of violating

the Constitution, interfering in the affairs of the Royal Throne Council, or preparing ground for the supreme wife" to succeed him.

Despite such explicit clarification by the king, however, some observers and individuals whom King Norodom Sihanouk dubbed "anti-Sihanoukists" have continued to make unfair speculations termed "skillful suggestions" by the king.

King Norodom Sihanouk unleashed another barrage in his 5 January letter, emphasizing two issues:

First issue: "I do not have the least intention of causing any amendment to our 1993 Constitution. I absolutely refuse to accept any amendment to the articles of our Constitution pertaining to the constitutional monarchy and the selection of the monarch."

Article 12 of the Constitution stipulates: "In case of the death of the king, the president of the Assembly takes over responsibility as acting head of state in the capacity of regent of the Kingdom of Cambodia."

Article 13 says: "Within a period of not more than seven days, the new king of the Kingdom of Cambodia is chosen by the Royal Throne Council."

Article 14 adds: "The king of Cambodia must be a member of the royal family; at least 30 years old; and a descendant of the bloodline of King Ang Duong, King Norodom, or King Sisowath."

Second issue: King Norodom Sihanouk solemnly declared that "my wife, my supreme wife, Queen Norodom Monineat Sihanouk, will never agree to act as a reigning sovereign even if her supporters fight for her to become a reigning queen."

In his emphasis, made without doubt to his detractors, the king said: "After my present reign, my wife will simply be an ordinary widow of Norodom Sihanouk."

The interpretation of these two points in the letter from His Majesty King Norodom Sihanouk should suffice to show that his majesty has no designs whatsoever concerning the "succession issue" as skillfully painted and insinuated by some observers and individuals. Maybe it is because of these repeated slanders that at the end of his letter His Majesty King Norodom Sihanouk makes this very meaningful plea to his detractors: "I beg all of you, observers and anti-Sihanoukists, to please have some dignity, be honest, and stop making any more unreasonable provocations against my wife and I."

Cambodia's Sihanouk in Paris for Medical Tests

BK1401101996 Phnom Penh National Radio of Cambodia Network in Cambodian 0500 GMT 14 Jan 96

[Message from King Norodom Sihanouk in Paris to First Prime Minister Norodom Ranariddh dated 12th January — read by announcer]

[FBIS Translated Text] Beloved son: On my behalf, please inform our nation and people of the following:

The queen and I must go to the hospital in Paris for medical tests and treatment due to health problems that need attention. Blood tests and analysis, X-rays, and consultation with doctors (de Larue) in (Dizzi) Hospital in Paris are required. This is merely brief information, but it is the matter in which the queen and I are engaged in Paris. Therefore, my return and that of the queen to Phnom Penh must be slightly delayed; we will leave Paris for Singapore on Friday the 19th of January 1996, instead of the 14th or 15th of January as planned.

The queen and I send fond greetings to you and Princess Marie. Prince Kromkhun Sihamoni would also like to convey to you and Princess Marie our greetings and sentiments of respect and profound consideration. [dated]Paris, 12th January 1996 at 1900. [Signed] Norodom Sihanouk and Queen Monineat Sihanouk

Cambodian Khmer Rouge Claim Attack on Radio Station

BK1301101296 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 11 Jan 96

[FBIS Translated Text] Our guerrillas in Battambang Town detonated explosives in the enclosure of the provincial town's radio station on the night of 7 January. As a result, two enemy elements were killed and three others wounded and an antenna for radio broadcasting was destroyed.

Cambodian CPP Standing Committee Members Elected

BK1301103796 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 13 Jan 96 pp 1, 2

[Report by Meanop]

[FBIS Translated Excerpt] Sok An, Im Chhunlim, and Dit Munti who are the members of the Central Committee of the Cambodian People's Party [CPP] were unanimously elected as "members of the Standing Committee of the CPP Central Committee" at the 20th CPP congress on the afternoon of 11 January 1996.

Sok An, minister attached to the Council of Ministers office; Im Chhumlim, state secretary for interior; and Dit Munti, an MP from the CPP, are all overseas-educated academics. They have also been known to be close to, and trusted by, Samdech Hun Sen, second prime minister and CPP vice chairman.

The 20th congress of the CPP Central Committee was held at the CPP headquarters in Phnom Penh on 11 and 12 January. It was chaired by CPP Chairman Samdech Chea Sim, CPP Vice Chairman Samdech Hun Sen, and CPP Honorary Chairman Samdech Heng Samrin and attended by some 200 members, including 68 CPP Central Committee members and representatives of the CPP's provincial and municipal party committees. [passage omitted]

Four Leaders of Cambodian Khmer Nation Party Resign

*BK2301125796 Hong Kong AFP in English
1240 GMT 23 Jan 96*

[FBIS Transcribed Text] Phnom Penh, Jan 23 (AFP) — Four members of the leadership of the banned opposition Khmer Nation Party (KNP) have resigned citing personal reasons, the party's founder and president, Sam Rangsi, said Monday.

The four men, Nop Ann, Phan Sina, Nou Beng and Duong Sarom, had been part of the KNP's 42-member steering committee but Sam Rangsi said their absence would not hurt the party which he said had grown to 66,353 members since it was founded in November.

The government, citing procedural problems with which Sam Rangsi disagrees, declared the party illegal shortly after it was created and has ordered the closure of its headquarters in Phnom Penh though it has yet to take action.

Three of the men resigned because they had differences of opinion with other members of the steering committee and one resigned for health reasons, according to copies of their resignation letters which were distributed to the press.

"Now the cohesion is even stronger," Sam Rangsi said of the steering committee, referring to hints from government officials that the KNP was splintered and would soon fall apart.

In the past weeks, Second Prime Minister Hun Sen, a frequent target of the former finance minister's criticism, had indicated that the KNP was suffering from internal strife and that Sam Rangsi was growing desperate.

"I am fully confident in the leadership of the KNP," Sam Rangsi said, adding that he would leave for Australia

and New Zealand Wednesday on a 10-day recruiting drive in those countries where there are large numbers of Cambodian expatriates.

He said his plans to open branch offices in Cambodia's provinces were going ahead despite an government order that no such offices be allowed and that he soon planned to file an application to open a radio station in Phnom Penh.

Indonesia

Indonesia Army Travels to Irian Jaya To Free Westerners

*BR1201154896 Rotterdam ALGEMEEN DAGBLAD
in Dutch 12 Jan 96 p 6*

[Unattributed report: "Indonesian Army Goes to Baliem Valley"]

[FBIS Translated Text] Jakarta — Three hundred Indonesian soldiers set off yesterday for the remote Baliem Valley in Irian Jaya [province] to liberate 24 hostages, including a Netherlands couple, from their kidnappers.

According to the official Indonesian news agency AN-TARA the Army is trying to prevent the kidnappers — presumed to be the OPM [Free Papua Movement] — from taking the scientists to neighboring Papua New Guinea. "It is a race against time," said General Suwarno Adiwijoyo, Netherlands, German, and British diplomats are also travelling to the area.

The Netherlander Mark van der Wal (aged 25) from Heemskerk, who works for the World Nature Fund (WNF) and his girlfriend Martha Klein (aged 31) from Zeewolde, who works for UNESCO in Jakarta, have been held since Monday [8 January] together with four British students, a German, and 17 Indonesians. Originally it was thought that seven Indonesians were involved.

The Indonesian authorities are still holding the OPM responsible for the kidnapping, although the OPM has still not made itself heard. Nor have demands for the liberation of the group been made. According to other sources within the Army, the scientists have been held because they violated sacred places during their investigations into the ecology of the area, where the inhabitants still live as in the stone age. The WNF and UNESCO are trying to get the Lorentz reserve onto the world list of protected natural areas. The expedition of the biologists is to take three months.

Anonymous sources in Jakarta and Amsterdam say that the Western diplomats have travelled to Irian Jaya not

only to negotiate the release of the group. They are also said to want to prevent the Indonesian Army carrying out a slaughter in the Mapunduma village, from where the scientists operated.

The WNF representative in Jakarta believes that the OPM is responsible for the kidnapping. "We are trying to get through the message that our investigation took place in the interests of the local population," according to Betts. "We are trying to ensure that the rights of the tribes and their traditional way of life are respected. I hope that those who kidnapped our people understand that, and that they will come back safe."

The OPM — also known as the T-shirt guerrillas because of their clothing — is a small, lightly armed rebel movement which is fighting for the independence of Irian Jaya from Indonesia. The former Netherlands colony was transferred to Jakarta in 1963.

According to Western diplomats in Jakarta, the resistance movement is facing considerable logistical problems, partly due to the roughness of the thinly populated mountain area where they operate. "That could well play a role in the fact that no demands have come through for the release of the hostages," according to one of them. "This is clearly an attempt by the OPM to get their cause — independence — onto the international agenda once again. Due to the situation on East Timor attention for the fate of the Papuans has virtually disappeared."

It is said to be the first time that the OPM has directed its activities against foreigners. The resistance movement has held two Indonesian school children hostage since November. The government is refusing to pay the ransom of some 30,000 guilders.

Indonesian Article Analyzes 'OPM Terror' in Irian Jaya

BK2301041796 Jakarta GATRA in Indonesian
20 Jan 96

[Main Report] by Amran Nasution: "The OPM Terror" — received via Internet]

[FBIS Translated Text] Troops of the Armed Forces of the Republic of Indonesia [ABRI] seem to have been mobilized in Indonesia's easternmost province of Irian Jaya because a group which the government refers to as the GPK-OPM [Security Disturbance Movement- Free Papua Movement] is making its presence felt.

On Monday last week, the group kidnapped 24 members of the Lorentz 1995 expedition team, who were conducting biological research in Mapunduma village, Tiom subdistrict, Jayawijaya District, Irian Jaya. Fortunately, nine hostages were freed last Friday. All of them are local residents who helped the Lorentz 1995

expedition team. The remaining 15 hostages have not been found by ABRI troops. For the kidnappers, the 15 hostages seem to have a higher exchange value. Among them are seven foreigners — four British researchers, two Netherlands nationals, and a German — and four members of the Biological Science Club located at the National University in Pasar Minggu, Jakarta.

In November 1995, the OPM kidnapped Marwiyah Abu Bakar and Basyir Kadir, two students of the Arso State High School. The sons of resettlers who live simple lives, they are believed to have been taken by the OPM across the border and hidden in an OPM camp in Papua New Guinea. The OPM has demanded a ransom for their release.

Earlier in the same month, the group kidnapped two Department of Public Works surveyors, who were on duty in Ikan Village, Waropko Subdistrict, Merauke District. The fate of one of the officials was clear. Panuqianto, aged 43, was found dead. His body was tied to a tree in Kanggawot Village on 19 November, while his colleague remains unaccounted for.

Why has the OPM intensified its terror? Obviously, the heavily forested and steep terrain of Irian Jaya are good hideouts. The group has also taken advantage of the Indonesian-Papua New Guinean border. If they are cornered by ABRI troops, they will disappear across the border and hide in their camps, which have been built by the government of the neighboring country.

In addition, they have used the hotly popular human rights issue. There happened to be excesses when ABRI troops pursued a brutal faction led by Kelly Kwalik. ABRI troops seemed to have committed a number of procedural errors during the operation "in the difficult terrain," and a number of civilians became victims. The local bishop Monsignor Munninghoff immediately reported the case to the National Commission on Human Rights and a number of nongovernmental organizations [NGOs]. Subsequently, the country became boisterous. NGOs, MPs, and politicians kicked up a fuss over it, and there were international reactions. The ABRI leadership was forced into a corner.

The OPM is now intensifying its terror everywhere in Irian Jaya because it feels it has the upper hand. There has been no international reaction since a number of persons were killed, students were kidnapped, and four Britons, two Netherlands nationals, and a German were victimized by the OPM.

Accordingly, we have made "OPM's growing activities" as the main report this week.

Freed Hostages Discuss Irian Jaya Situation*BK2301054796 Jakarta ANTARA in Indonesian
1637 GMT 22 Jan 96*

[FBIS Translated Excerpt] Wamena, 23 Jan (ANTARA) — Frank Momberg and Yakobus Wendibe, the two hostages who have been freed by the GPK [Security Disturbance Movement], which is the official term for the OPM or Free Papua Movement], finally agreed to give their accounts of the condition of all the remaining hostages to reporters in Wamena on Monday evening.

The 13 remaining hostages are in good health and well fed. The hostages, who are not tied and are in a house, are well treated by GPK members.

"They are not in the open air," Yakobus said. [sentenced indistinct]

They will be escorted only when they go out of the house.

He added that the GPK had assured the hostages that they would not be killed.

"We were all well treated and in good health. We were not maltreated," Momberg said.

An ANTARA source said food sent to the hostage site was "more than enough."

Momberg said he could become a "fully free man," but he wanted to help the Republic of Indonesia Government to secure the release of the remaining hostages.

"I still have stress because some hostages remain there," he said, adding he wanted to return to the hostage site.

He praised the Armed Forces of the Republic of Indonesia [ABRI] for using persuasion toward the kidnappers to prevent the possible loss of life.

Frank Momberg and Yakobus Wendibe, who was accompanied by his wife Ola and their six-month-old baby, looked tense in front of reporters. They did not smile at all.

The news conference given by the smelly former hostages was initiated by Brigadier General Prabowo Subianto, commander of the Army's Special Force, who hailed the press' role as "very conducive."

This Week

Meanwhile, the "most senior military officer" in Wamena said on a separate occasion that the military was "optimistic" that all the remaining hostages would be safely freed without a single bullet being shot "this week."

"There have been signs that the hostages will be freed in the near future," he said.

He said the optimism resulted from the persuasive approach. ABRI has exercised self-restraint. [passage omitted]

Laos**Lao President Receives Swedish Justice Minister***BK1301120196 Vientiane KPL in English
0934 GMT 12 Jan 96*

[FBIS Transcribed Text] Vientiane, January 11 (KPL) — President Nhouhak Phoumsavan of the Lao People's Democratic Republic yesterday morning granted an audience to Ms. Laila Freivalda, minister of justice of Sweden, at Ho Kham, the Presidential Palace, here during a four-day cordial visit to Laos.

Hailing her visit to Laos, the Lao president described it as a contribution to the friendly ties between Laos and Sweden, particularly the cooperation in legal and judicial work. The Lao president highly valued her visit and stated that it was of significance in expanding the friendly ties and cooperation between the two countries, particularly thanked Sweden for the renovation of the strategic road no. 13. He also stressed the expansion of efficient cooperation.

Ms. Laila Freivalda thanked Mr. Nhouhak Phoumsavan for the warm welcome provided for her and informed him of the outcome of the meeting between the delegations of the two countries' ministries of justice.

The Swedish minister of justice also called on Mr. Saman Vi-gnaket, president of the National Assembly on the morning of the same day.

Lao Foreign Minister Receives Thai Communications Minister*BK1301153696 Vientiane Vitthayou Hengsat Radio
Network in Lao 1200 GMT 13 Jan 96*

[FBIS Translated Text] This morning, Foreign Affairs Minister Somsavat Lengsavat received, at the Foreign Affairs Ministry in Vientiane, a delegation of the Communications Ministry of the Kingdom of Thailand led by Minister Wanmuhammatno Matha. The Thai delegation is currently on a visit to Laos scheduled from 11 to 13 January. The talks between the guest and host proceeded in a warm and friendly atmosphere.

On this occasion, Minister Wanmuhammatno Matha, on behalf of the Communications Ministry of the Kingdom of Thailand, informed Minister Somsavat Lengsavat of his delegation's working visit to Laos. Somsavat

Lengsavat welcomed the Thai delegation's visit, which, he said, has contributed to further developing the friendly relations and cooperation between the two countries. Particularly, they discussed the development of Lao-Thai cross-border transportation, the building of roads as well as those linking Laos and Thailand, and other issues.

Lao Delegation Leaves for Meeting in Thailand

BK1601102296 Vientiane Vithayou Kongsat Radio Network in Lao 1200 GMT 15 Jan 96

[FBIS Translated Text] On the afternoon of 14 January, a delegation of the National Assembly led by Dr. Khamliang Phonsena, chief of the Assembly's Foreign Relations Commission and chairman of the Interparliamentary Committee of the Lao People's Democratic Republic, left for the Kingdom of Thailand to participate in the fourth Asia-Pacific Parliamentary Forum meeting. The meeting is scheduled to be held in Cha-am, Phet Buri Province, from 15 to 19 January 1996. Attending the meeting will be high-level parliamentary delegations from various countries in the Asia-Pacific region, including some 20 countries along the Pacific coast.

Main topics to be discussed in the meeting are regional security, and cooperation in the economic, social, and cultural fields.

This is the first time that our Lao National Assembly delegation attends a meeting of the Asia-Pacific Parliamentary Forum or APPF since the establishment of this organization.

Philippines

Philippines President Alleges 'Terrorist Scare'

BK1201030996 Manila MANILA STANDARD in English 9 Jan 96 p 2

[Report by Romie A. Evangelista]

[FBIS Transcribed Text] President Ramos has directed the chiefs of the various law enforcement agencies "to seal your lips" on any development in connection with the alleged foreign and local terrorists' plot to sabotage the 4th Asia Pacific Economic Cooperation (APEC) meeting in Manila and Subic, Zambales.

Camp Crame [police headquarters] sources said Mr. Ramos has reprimanded Interior and Local Government Secretary Rafael Alunan and Director General Recaredo Sarmiento of the Philippine National Police [PNP] for the "terrorist scare" they created among foreign dignitaries attending the APEC summit.

Alunan and Sarmiento confirmed reports foreign terrorists had plotted to assassinate President Ramos. AFP

[Armed Forces of the Philippines] Chief of Staff Gen. Arturo Enrile and Director General Sarmiento.

The duo made the announcement last week when they presented to the media six suspected terrorists government agents had arrested. The suspects included Mohammad Anis, alleged close associate of indicted international terrorist Ramzi Ahmad Yusuf.

Yusuf, nabbed by US agents in Pakistan last year, was the alleged mastermind in the bombing of the World Trade Center in New York City in September 1993, and the bombing of a PAL [Philippine Airlines] flight from Manila bound for Okinawa, Japan, in December 1994.

Government agents arrested at least 35 suspected foreign terrorists last year, many of them charged criminally in court for illegal possession of guns and bomb-making devices.

Reports of the arrest and the filing of charges against suspected foreign terrorists hit the headlines and reportedly caused a "scare" among APEC summit bound foreign dignitaries.

Because of the reports, some US representatives to the APEC meeting reportedly expressed backing out because of doubts the PNP and the AFP could contain the threats of sabotage and liquidation missions of the foreign terror group.

This development has reportedly irked the president and ordered the chiefs of concerned government agencies to downplay the terrorists' threat.

Philippines Police: Foreign Terrorists Help Abu Sayyaf

BK1201085196 Manila BUSINESS WORLD in English 9 Jan 96 p 12

[Report by Sandra S. Agunaldo]

[FBIS Transcribed Text] Foreign terrorists are helping out a Muslim extremist group in its rebellion against the Philippine Government after the Abu Sayyaf helped out in the Afghanistan war, police chief Director General Recaredo Sarmiento said.

He said the Abu Sayyaf gained special attention from its foreign counterparts because many of its members trained in Afghanistan and were considered veterans of the U.S.-backed Afghan war in the 1980s.

"Some of these terrorists surfaced during the Afghan war and some members of the Abu Sayyaf served in Afghanistan," he said in an interview.

Abu Sayyaf chief Ustadz Abubakar Abdurajak Janjalani is believed to have been trained in the former territory

of the Union of Soviet Socialist Republic (USSR) and fought during the war allegedly funded by the U.S. Central Intelligence Agency (CIA).

He cited intelligence reports saying certain foreigners were seen training local extremists in the southern Philippines on explosives- making and terrorist tactics.

There have been a total of 35 foreigners arrested in a campaign to rid the country of suspected troublemakers, 15 of whom were nabbed last December after reports broke out they were out to disrupt the Asia-Pacific Economic Conference in Manila.

The Philippine National Police (PNP) is on the lookout for five more foreign terrorists, including an Iraqi national suspected to be the leader of the group who met with an Abu Sayyaf leader in Manila last November.

At the same time, newly installed National Capital Region Command (NCRC) Director Chief Supt. [Superintendent] Job Mayo said he has contacted the International Police (Interpol) to gather more information regarding the foreign extremists which could lead to their arrests.

"We have tapped the assistance of the Interpol," he said.

Police intelligence reports recently revealed foreigners who entered the country to launch destabilization move against the government belonged to different extremist organizations with a London-based bomb expert as their leader.

Philippines Orders Release of Suspected Pakistani Terrorists

BK1201084796 Manila MANILA BULLETIN in English 12 Jan 96

[Report by Felix Mediavilla — received via Internet]

[FBIS Transcribed Text] Commissioner Leandro L. Vercelles of the Bureau of Immigration (BI) ordered yesterday the release of four Pakistanis after he was informed by Philippine National Police (PNP) authorities that there was no legal basis for filing criminal charges against them.

Vercelles said the four, identified as Ishtiaq Ahmed Khan, Mohammad Ahmad Khan, Imtiaz Yamin, and Mohammad Mubi Khan, were among the 35 suspected foreign terrorists arrested by government agents in the last few weeks.

The suspects were turned over last Dec. 20 to the BI for custodial investigation shortly after their arrest by military and police operatives in Ermita, Manila.

"Please be informed that after the conduct of interview and background investigation, this command found no

legal basis for a case to be filed against the Pakistani nationals," Chief Inspector Efren Ochi Yebra, PNP-CIC [Criminal Investigation Command] assistant director for intelligence, wrote Vercelles.

Vercelles also disclosed that while under investigation by the BI's legal department, it was found out that the four Pakistanis had been issued valid travel visas and were properly documented.

"Our verification of their passports showed that they were properly admitted, that their visas are still valid, and that their names do not appear in our derogatory lists," Vercelles added.

He said the suspects cannot continue to remain under the bureau's custody since there was no evidence to show that they have violated the country's immigration laws.

Reset [subhead]

The Makati Regional Trial Court [RTC] reset yesterday to Jan. 17 the arraignment of five Pakistanis facing charges of illegal possession of explosives.

Makati RTC Judge Josefina N. Salonga put off the reading of the charges against the suspects after State Prosecutor Imelda Saulog failed to appear in court.

Those named in the information sheets were Mohamad Anees, his brother Mohamad Alam, Mian Mohamood, Raza Hashi, and Perwez Bhagi, who are now all in the custody of the PNP National Capital Regional Command [NCRC].

The suspects are holders of Pakistani passports and are temporary residents of Makati City. They were arrested by elements of the NCRC's Task Force Spider last Dec. 29 for possession of explosives.

The Pakistanis arrived late at the courtroom yesterday, prompting Judge Salonga to demand an explanation.

Through their police escorts, they told the judge they were caught in a traffic jam after leaving their detention cell at the PNP headquarters in Camp Crame [police headquarters], Quezon City.

Philippines Police Deny Torture of Suspected Terrorists

BK2301032996 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 2230 GMT 22 Jan 96

[FBIS Translated Text] PNP [Philippine National Police] Chief Reclardo Sarmiento strongly denied reports of the torture of arrested Pakistani nationals in jail. According to Sarmiento he is ready to show the medical reports of the suspects before and after they were jailed.

He said it is clear from the medical reports that the Pakistanis were not harmed. Likewise, he announced that a fact-finding board is currently investigating the lapses of the Intelligence Command in handling the former Abu Sayyaf officer Edwin Angeles.

Philippine Communist Party Discusses Reorganization

*BK1201090296 Manila BUSINESS WORLD
in English 8 Jan 96 p 10*

[Unattributed report]

[FBIS Transcribed Text] Contrary to the claims of military officials, the Communist Party of the Philippines (CPP) yesterday announced success in its reorganization efforts saying the party's strength in terms of manpower has soared to "tens and thousands" during the past years.

In a statement, CPP founder Jose Maria Sison labeled as "Propaganda" latest military assessments saying the communist party's membership is down to 6,000. "The CPP has tens and thousands of members and is augmented by several times more mass activists," Mr. Sison said adding the party's urban and rural mass base "runs into millions."

"The rectification movement has won resounding ideological, political and organizational victories. It has revitalized and further strengthened the CPP. The major errors have been identified, criticized and repudiated; and constructive work has been vigorous and highly productive," he said.

Recently, Armed Forces of the Philippines (AFP) chief Gen. Arturo Enrile said there are only about 6,000 communist guerrillas and that their activities are confined in the Cordilleras, Negros and some parts of Mindanao. But Mr. Sison said that based on reports from his officers on the ground, the CPP still has 14 regional organizations "covering the entire country."

"The military deludes itself by believing that the NPA [New People's Army] is in only a few places. It is part of the psychological warfare in the US-inspired low-intensity conflict scheme of the Ramos regime to conjure the illusion of a waning revolutionary movement," Mr. Sison said.

He denied reports the guerrillas have gone down from the mountains due to lack of financial and logistical support from the Netherlands-based communist leadership. "There is now no serious logistical problem," he said.

Philippines Trade Secretary on Tariff Commitments

*BK1001092296 Manila MANILA BULLETIN
in English 24 Dec 95 p B-1*

[Unattributed report]

[FBIS Transcribed Text] The Philippines will include a total of 159 tariff lines of unprocessed agricultural products (UAP) out of the total 391 UAP tariff lines in the Common Effective Preferential Tariff (CEPT) of the ASEAN Free Trade Area (AFTA) by the year 2003.

Trade and Industry Assistant Secretary Edsel T. Custodio said this was the commitment of the Philippines during the recent ASEAN Summit in Bangkok.

Based on the Philippine schedule, a total of 203 tariff lines placed under the temporary exclusion list (TEL) would be gradually phased into the CEPT.

Of the 203 tariff lines under TEL for UAP, the Philippines will put 103 tariff lines by 1997.

By 1999, the TEL items would be limited to 79 lines and by year 2001 with only 18 and only 3 remaining by the year 2003.

Custodio, however, said the Philippines will continue to place a total of 25 tariff lines under the list of sensitive products.

This means these products would be subject to special arrangements.

Custodio further said the Philippines will continue to protect rice under the CEPT period.

On the other hand, Custodio said the Philippines has proposed to phase in a total of 717 tariff lines under the Temporary Exclusion List (TEL).

By 1996, he said, a total of 155 lines would be thrown into the basket and another 148 lines by the year 1997.

By 1998, a total of 150 tariff lines would be included in the CEPT basket and 120 lines by the year 1999.

This means that by the year 2000, the Philippines would be left with a total of 144 tariff lines that would be left with under the TEL.

Most of these remaining items are those products under the government rationalization programs.

Overall, the Philippines will be phasing in 85 percent of the country's total tariff lines by the year 2000 reflecting a total of 4,694 tariff lines to the CEPT scheme.

For the entire ASEAN region, however, a total of 38,397 tariff lines are scheduled to be in the 0-5 percent range by the year 2000.

This represents nearly 88 percent of all tariff lines in the CEPT scheme and 81 percent of all tariff lines in ASEAN.

Custodio further said that Vietnam's package of products will be included in the CEPT scheme starting January 1996.

Vietnam has already submitted to the Council their final CEPT Inclusion, Temporary Exclusion, Sensitive and General Exception Lists.

According to Custodio, these products may have a time frame beyond the year 2003 but no longer than year 2010.

Philippines, France Sign Financial Protocol Package

BK1001094096 Manila MANILA BULLETIN in English 29 Dec 95 p B-1

[Unattributed report]

[FBIS Transcribed Text] The Philippine Government has signed an agreement with the French Government for the 1995 Financial Protocol package amounting to P [pesos] 868.72 million, equivalent to 162.051 French francs [FF].

Acting Finance Secretary Romeo Bernardo announced yesterday that the French Protocol was inked for the country by Ambassador Rora Tolentino and Jean Lemierre, director of the French Treasury for the French Government.

According to Bernardo, the financial package is of two components: mixed credit of P857.76 million, equivalent to 160.03 French francs at an exchange rate of P5.36 to a franc; and P10.83 million (FF2.021 million) in grants.

The mixed credit component, Bernardo said, will finance five projects, namely:

- P184.92 million for the upgrading of the E. Rodriguez Memorial Hospital;
- P214.4 million for the upgrading of the radiological capabilities of the Department of Health's hospitals;
- P302.25 million for the automated fare system for Light Rail Transit;
- P112.56 million for the procurement of crash, fire, and rescue vehicles; and,
- P42.88 million for supply and installation of UPS [uninterruptible power supplies] for Metro Manila Traffic System.

On the other hand, Bernardo said the grant accorded by the French Government has already been increased from the P9.2728 million provided last year.

The grant will bankroll the integrated solid waste management system for Baguio City at P5.41 million; solid waste plan for communities along Balili River, Agno River, and Bued River at P4.08 million; and P1.33 million for the updating of the land use map of Metropolitan Manila.

Bernardo explained that the financial protocol for this year is a blend of 60 percent treasury loans and 40 percent COFACE [expansion unknown] guaranteed commercial credits.

The treasury loan terms include interest at 1.5 percent and repayment period of 25 years, inclusive of six years grace period.

Thailand

Sweden Clears Thai Party Members of Bribery Charges

BK1701034196 Bangkok THE NATION in English 17 Jan 96 p A2

[Unattributed report]

[FBIS Transcribed Text] While Chat Thai Party members yesterday welcomed the Swedish government's report clearing them of the submarine bribery accusations, the activist who made the original allegation criticized the probe for being insufficient.

At the same time, former Democrat Party leader Phichai Rattakun said everyone knew from the beginning that the Swedish War Material Inspection (KMI) would decide in favour of government-owned submarine builder Kockums.

The report published on Monday by KMI said Kockums did not bribe members of the Chat Thai Party in an attempt to win a Thai Navy contract for two submarines.

The Swedish government's probe came after Henrik Westander, an arms expert with the Swedish Peace and Arbitration Society (SPAS), or Svenska Freds, wrote an article in the Swedish daily DAGENS NYHETER accusing Kockums of paying considerable sums of money to either Prime Minister Banhan Sinlapa-acha or his Chat Thai Party in the run-up to the July general election.

Both Chat Thai members and Kockums have denied the claim.

"The writer is not a child and should have evidence. The opposition will go ahead and make the issue clear," said Phichai, a Bangkok MP.

Democrat Secretary-General Sanan Khachonprasat will be assigned to ask for information from Westander, he said.

Government spokesman Somsak Pitsanmanthakun, a Chat Thai lawmaker, said the report has proved that the government is innocent and that the ruling party never takes bribes.

Chat Thai Secretary-General Sano Thianthong noted he said from the beginning of the controversy that the accusation was totally false. He called on the media to carefully report news so they do not hurt the country.

But Westander said yesterday the investigation was not properly conducted and should be called a study rather than an investigation.

"This study is based on what information Kockums has been willing to provide KMI. It reminds me of the investigation made by KMI in 1984 when we claimed that Bofors' weapons had been smuggled to the Middle East," he said in a statement yesterday.

"KMI limited its investigation to asking Bofors if this was true and the company said 'no'. Some years later it was proven in court that SPAS' allegations were true."

Bofors was accused by Westander several years ago of having given millions of dollars in bribes or kickbacks to win a 1986 Indian government order for howitzers.

The allegation played a part in the defeat in the 1989 general election of the Congress Party of the late Prime Minister Rajiv Gandhi, who was implicated in the affair.

Thailand: Free-Trade Zones Sought for Seven Industries

BK1701043496 Bangkok BANGKOK POST
in English 17 Jan 96 p 30

[Unattributed report]

[FBIS Transcribed Text] The Industry Ministry has told the Board of Investment to set up free-trade zones specifically for seven types of industries with a high level of technology.

In the proposal submitted to the board on Monday, the ministry said granting the privileges, including tax exemptions, would strengthen the competitive edge of export-oriented industries.

According to Industry Minister Chaiwat Sinsiwong, the industries are electronics and electronic parts, jewellery watches, pens, medical equipment and motor parts.

The zones, to offer a "one-stop service" for businessmen, would also house government offices and industrial institutions related to the promotion of industries, he said.

Mr. Chaiwat said he expected a new Free Trade Zone Act to be announced later this month. The zones would

come under the Industrial Plant Act allowing industrial estates the opportunity of obtaining dutyfree status.

The zones were first proposed by the jewellery industry to help revive its competitiveness in a recession-hit world market, he said.

Representatives of the local jewellery industry yesterday called on Mr. Chaiwat to seek the ministry's help in cutting production costs and attracting investors to Thailand.

As Hong Kong would return to Chinese rule next year, Thailand should take the opportunity to replace the territory as the jewellery trade and production centre of Asia, they said.

Thai jewellery exports have been growing at a slower pace. Last year, they expanded by 7.78%, compared with 8.2% in 1994 and 10.7% in 1993.

Jewellery used to be Thailand's third-largest foreign exchange earner, but last year, it fell to seventh.

Mr. Chaiwat said countries such as Malaysia and Indonesia had begun to promote their jewellery industries more actively in competition with Thailand.

Thailand: India Urged To Release Jailed Fishermen

BK1701043496 Bangkok BANGKOK POST
in English 17 Jan 96 p 3

[Unattributed report]

[FBIS Transcribed Text] Thailand has urged India to release a Thai trawler and 58 fishermen jailed in the country's prisons as soon as possible. Foreign Permanent Secretary Thep Thewakun said yesterday.

The issue was raised during the two-day preparation meeting of the Third Thai-India Joint Commission.

M.R. [Mom Ratchawong — royal title] Thep chaired the senior officials meeting with K. Raghunath, deputy secretary of the Ministry of External Affairs.

The fishermen are currently being held in prisons in Orissa state and Port Blair in the Andaman Sea.

However, a source quoted the Indian side as saying not all the crewmen being held are Thai, and the issue of identity is now being dealt with in the Indian court.

But M.R. Thep said he had requested the release, particularly of the trawler and its crew, as they allegedly got lost and were arrested last year by Indian authorities.

He said the trawler's crew had not intended to fish illegally in Indian seas — but were in the area to buy fish from a Burmese boat.

"There was no fishing net in the boat, only ice to stock fish," he said.

The trawler Suwatwarin 7 had 16 crewmen on board. They are now jailed in Port Blair.

M.R. Thep said the Indian side agreed to look into the matter.

Yesterday senior officials from both sides also prepared minutes to be signed by Foreign Minister Kasemsamson Kasemsi and his Indian counterpart Pranab Mukherjee who will co-chair today's meeting.

Thai Editorial Assesses Return of Sam Rangsi to Cambodia

BK1701121696 Bangkok THE NATION in English
17 Jan 96 p A 4

[Editorial: "Cambodia's Democracy Needs To Pass Rangsi 'Test'"]

[FBIS Transcribed Text] Sam Rangsi, the scourge of Cambodia's political establishment, returned home yesterday, brushing off death threats and throwing down yet another gauntlet to the country's increasingly thin-skinned rulers.

Branding his thwarted bid to register a new opposition party a "test case" for their democratic credentials, he called on the authorities to dismantle the legal hurdles they have set up to his re-entry into mainstream politics.

"We are determined to go ahead," the outspoken politician told a crowd of journalists and supporters who gathered at the headquarters of his Khmer Nation Party yesterday.

Rangsi is a showman and a politician who is not above invoking populist causes. But he also represents the last semblance of a legal opposition in Cambodia and his unrelenting advocacy of the rule of law makes him a needed — and rare — contributor to Cambodian national affairs.

Since being removed as finance minister and expelled from parliament last June after threatening to form an opposition alliance, Rangsi has waged his war of words against the Phnom Penh government from mostly foreign battlefields. He urged the international community, which pays for half of Cambodia's national budget, to link further aid to respect for human rights and democratic ideals. He has been unrelenting in his public criticism of alleged government involvement in illegal logging and narcotics trafficking, and the general backsliding on the pledges to freedom of speech and assembly that were made under the Paris Peace accords.

Immediate Challenge

Rangsi's return represents the most immediate challenge to Phnom Penh as it is coming under increasing pressure from the international community over its human rights record and stifling of freedoms.

America's top envoy for Asian affairs, Assistant Secretary of State Winston Lord, arrived in Phnom Penh on Monday to express concern over "problems" the United States has with the government's rule. And yesterday the UN special envoy on human rights in Cambodia, Justice Michael Kirby, said developments in the country were worrying and rapped co-premiers Prince Norodom Ranariddh and Hun Sen for refusing to see him.

Ranariddh has regularly lashed out at critics of his country's human rights situation, saying that Cambodia, as one of the world's poorest countries, isn't ready for Western-style liberal democracy. Hun Sen has similarly rebuked Western critics for what he says is meddling in Cambodia's internal affairs.

Both leaders are playing with inflammatory words and falling back on the common refrain of autocrats around the world: that the people aren't ready to rule themselves. But that is what democracy is all about, enfranchising people to take control of their destinies. That was what the UN peace mission was mandated to do: to establish the conditions so that the people of Cambodia could make a choice without fear of intimidation or reprisals.

Real Article

For all the waffle about Asian versus Western forms of democracy, in the end there is only one thing that distinguishes the real article from the fake: empowerment of the people. Anything else is a form of political imperialism by which a ruling elite is imposing its control on a subjugated class.

Cambodian officials tout their political system as a democracy, one based on an almost impossibly high-reaching set of principles. But many of the pillars of that democracy are crumbling. Editors of opposition newspapers have been killed, opposition political groups bombed and dissident politicians exiled. The ruling party has already announced plans on how it intends to divide up power after the 1998 elections, plans that don't include a provision for a parliamentary opposition.

Cambodia's rulers say that to offer the population the same kind of freedoms that citizens of more developed democracies enjoy, would be an invitation to chaos. Such talk is misleading and self-serving. As Rangsi has repeatedly pointed out, the cornerstone of any democracy is rule of law. If respect for a civil legal

code can be established then democracy poses no threat to civic order. Genuine incitement to violence is a crime, slander and libel are crimes, mob assembly is a crime and violators can be brought to justice accordingly. Freedom of expression and assembly in themselves are not dangerous.

The real dangers to peace and stability in a country like Cambodia are corruption and abuse of power. These are the issues which fuelled insurgencies and unrest in Cambodia for the last four decades.

Cambodia needs an opposition and Rangsi is more than ready to play it. For their country's own well being, Ranariddh and Hun Sen should let him play it.

Thai Editorial Urges Cabinet Reshuffle

*BK1601155696 Bangkok DAILY NEWS in Thai
16 Jan 96 p 7*

[Editorial: "When Will the Cabinet Be Reshuffled?"]

[FBIS Translated Text] The prime minister promised a group of reporters late last year that he would consider reshuffling his cabinet after the new year. Now it is half a month after the new year, and people want to know when and how he is going to reshuffle his cabinet. So far, nothing has happened, except a report stating that the upcoming reshuffle would be small, simply transferring ministers attached to the prime minister's office to the vacant posts of deputy ministers of the Ministry of Foreign Affairs and Ministry of Labor and Social Welfare.

Some cabinet members have been unacceptable to the people because their appointments to ministerial posts were made just to fill quotas allocated to parties in the coalition or to suit the demands of small factions in the coalition parties. Their educational backgrounds and competence were not the major criteria for their appointments. In particular, the appointment of those in charge of the Finance Ministry has, from the very beginning, had a negative impact on investors' confidence and the country's economic system. It is obvious that the prime minister has been fully aware of what the people want, otherwise, he would not have made such a promise.

It has been some time now, and the prime minister has done nothing except divert attention from his cabinet reshuffle promise, appointing the deputy prime minister from the Nam Thai Party to look after the Finance Ministry. It is not too pessimistic to say that the prime minister is playing games to delay the pledged new cabinet lineup. It is believed that the prime minister does not want any change now for fear of many complications such as rifts within his Chat Thai Parties and other coalition partners.

The present cabinet may survive if the prime minister keeps quiet and reacts indifferently to the wishes of the people. However, his credibility and popularity will further deteriorate. No matter how hard he tries, his endeavors will not be appreciated. Even his recent reception of a master's degree was ridiculed by some critics. His obstinacy and refusal to comply with the people's desires will eventually engrave his name in history as the prime minister who has done very little to serve the country and the people.

Thailand: Iranian Envoy Says Bilateral Trade Increasing

*LD1601194996 Tehran IRNA in English
1814 GMT 16 Jan 96*

[FBIS Transcribed Text] Kuala Lumpur, Jan. 16, IRNA — Commercial ties between Iran and Thailand have been growing in recent years. This trend of growth was notably high in the year 1995 due to the fact that items of the commodities such as steel, sugar and industrial products were added to the list of exchanged commodities, said the Iranian ambassador to Bangkok on Tuesday.

The Iranian official, Gholam Reza Yusefi, told IRNA that the volume of bilateral trade hit a mark of dlr[s](dollars) 340 million in 1995, showing a 147.8 percent increase compared to the figure in 1991.

He added that steel export to Thailand has been 230,000 tons in 1995 and is expected to reach 400,000 tons in 1996, while Thailand's import of Iranian oil stood at 20,000 barrels per day, indicating a considerable increase compared to the original agreed quantity of 15,000 barrels per day according to the letter of understanding signed by the joint economic commission of the two countries.

The ambassador finally indicated that Iran has not lagged behind in its financial commitments regarding its previous purchases from Thailand.

He also mentioned that in 1995, the volume of bilateral trade activities doubled in size compared to the 1994 statistical figure.

Vietnam

SRV: Cooperation With PRC 'Continues To Develop'

*BK1701160296 Hanoi Voice of Vietnam in English
1000 GMT 17 Jan 96*

[Station commentary]

[FBIS Transcribed Text] Sino-Vietnamese relations have reached new level since diplomatic relations

which was established at ambassadorial level 46 years ago. Here is our radio's comment:

Vietnam and China are good-neighborly countries. Peoples of the two countries have traditional friendship. The party, government, and people of Vietnam have always treasured the development of traditional friendship and cooperation and considered it a long-term and persistent policy which has great significance for the development of both countries.

Over the last 46 years, that friendship and cooperation has undergone many trials but it continues to develop. High-level meetings between the two parties and states have marked further development. The visit to Vietnam by Chinese President Jiang Zemin and the visit to China by Vietnamese Party Leader Do Muoi in 1995 has important significance not only in consolidating and developing friendship and cooperation but also in creating and encouraging motives to promote Sino-Vietnamese relations. It is evident in many aspects.

Agreements have been signed, setting up a Sino-Vietnamese committee for economic and trade cooperation, on bus transportation, and on the guarantee for export goods quality control. To promote long-term economic and trade cooperation, the two sides have agreed to apply effective measures to implement these agreements.

Economic and trade cooperation between Vietnam and China is going well. Trade turnovers between the two countries last year was up to \$1 million. Many exhibition fairs were held to promote bilateral trade development. China's direct investment in Vietnam is now \$60 million spread through 40 projects.

Vietnam and China will resume railings in early February. Vietnam and China are also continuing to solve issues left behind by history and new problems through peaceful negotiations.

Peoples of the two countries firmly believe that with their traditional friendship, future relations will develop successfully.

SRV Embassy Official Issues Cambodian Border Statement

*BK1701162996 Hanoi VNA in English
1550 GMT 17 Jan 96*

[FBIS Transcribed Text] Hanoi VNA Jan. 17 — A spokesperson for the Vietnamese Embassy in Cambodia released a statement on the Vietnamese-Cambodian border issue today.

The statement, made to reject Cambodian First Prime Minister Norodom Ranariddh's slander in Phnom Penh

this morning against Vietnam which was accused by the Cambodian PM [prime minister] of having been acting to encroach Cambodia's border in Svay Rieng, Prey Veng, and Kompong Cham provinces, renews Vietnam's unchanged policy to respect for the sovereignty and territorial integrity of the Kingdom of Cambodia.

The statement adds: "We always respect for and strictly implement all commitments and agreements reached between the two countries' leadership in relation to the border issue with a view to making it a border of peace, friendship, cooperation and long lasting stability. Should any problem occur along the common border, the local authorities of both sides will meet to address it. In case when the local authorities fail to settle the problem, it will be forwarded to the provincial level and then the interior ministerial level for settlement.

"Vietnam's working group on border issue is prepared to meet with the Cambodian side to discuss and handle all outstanding aspects of the border issue," the spokesperson confirms.

SRV Paper Urges Inculcation of National Defense Awareness

*BK1701032296 Hanoi QUAN DOI NHAN DAN
in Vietnamese 13 Dec 95 pp 1, 4*

[Editorial: The Teaching of an Awareness of National Defense for the Entire People Is an Important Requirement at the Present Time]

[FBIS Translated Text] The inculcation of patriotism and an awareness of national defense for the entire people is a routine task for many countries. However, in view of our country's specific situation at present, this task is urgent and important for the success of our country's renovation process. This is the task of the party committees and the administration at various levels, of various mass organizations, and of all sectors and echelons.

Clearly aware of this urgent and important task, over the past two years many sectors and localities have, in addition to various activities designed to commemorate major national anniversary celebrations, deployed many forms of teaching on the patriotic and revolutionary traditions among the people of various strata. By means of these, we have been able to rekindle among the people, especially among the younger generation, the many fine sentiments toward the heroic combat exploits recorded by our nation and by their forefathers during the two wars of resistance against the French colonialists and the U.S. imperialists. Not only did the recent efforts to teach the people about these traditions succeed in making them aware of the revolutionary gains and cause

them to adhere firmly to the path already chosen by the party and President Ho Chi Minh, but they also helped further consolidate our people's confidence in the eventual success of the present cause of building and defending the socialist Vietnamese fatherland. They have also been instrumental in further consolidating the ideological viewpoints of our party cadres and members and our people and in foiling the enemy's peaceful evolution strategy, thus maintaining political stability and public order and safety.

Yet, given the current requirements, the results of the teaching of patriotic traditions and an awareness of national defense among the people are still limited. The contents and forms of teaching are not comprehensive; their attractive power is not strong enough. Specifically, the contents of the teaching about the "peaceful evolution" schemes and tricks of the hostile forces are not seen in-depth. That is why among the people, particularly among high school and college students, there still exist indications of illusion and a lack of vigilance. Cases of political vacillation have occurred in the face of the distorted allegations advanced by opportunistic and reactionary elements against the stance and policy lines of our party and state, thus showing a decrease in confidence in the success of the socialist path.

Our people's struggle to adhere firmly to the revolutionary path to fight the enemy's "peaceful evolution" schemes will remain very complicated. The inculcation of an awareness of national defense and a sense of readiness to defend the socialist fatherland among the entire people must be given greater attention. It is vital that we make the entire party, Army, and people unified ideologically. We must always remain thoroughly aware of the two strategic tasks of building and defending the socialist fatherland. It is necessary to improve the methods of teaching about traditions and instilling an awareness of revolutionary ideals and a sense of readiness to defend the fatherland in high school and college students in such a way as to make these more attractive. We must achieve a close coordination between official training programs and extra-curricular activities. We must introduce the contents of the teaching about traditions and a sense of national defense into the social, cultural, sport activities of various schools. This is the best way to maintain regular training for high school and college students. Meanwhile, on the occasion of major anniversary celebrations and the all-people national defense festival, we must organize activities in a much more significant and lively fashion in order to create a profound impression about the traditions and to remind and motivate the younger generation to maintain and develop

these traditions in the present cause of building and defending the socialist fatherland.

In the course of teaching about the revolutionary and patriotic traditions and inculcating an awareness of national defense among the entire people, we must constantly attach importance to measures on construction and fighting, namely, to inculcate a correct awareness and stance toward the revolutionary cause of the party, to continue on the path of advance toward socialism, to affirm the ruling role of our party, and at the same time, to fight against erroneous and illusionary viewpoints and against the allegations advanced by hostile forces to distort, tarnish, and negate our people's revolutionary gains.

On the basis of the results already gained in the tasks of teaching about revolutionary traditions over the years, various sectors and localities must continue to draw on experience and must map out a truly satisfactory plan to ensure that this year the All- People National Defense Festival will be organized with more diverse, lively, and realistic contents aimed at confirming the responsibility of the entire people in the present cause of defending the socialist fatherland.

SRV Officials' Demanding Money at Checkpoints Decried

*BK0801155896 Hanoi Voice of Vietnam Network
in Vietnamese 1100 GMT 4 Jan 96*

[FBIS Translated Text] The paper DAI DOAN KIET [Great Unity] recently carried an article by Minh Tuan saying that checkpoints have been set up by the tax sector in various provinces to demand money from goods transport companies, thus causing obstacles to transportation and shortage in goods supply. This is an illegal act against the Government's directive No. 80 and the Interior Ministry's directive No. 05 concerning the abrogation of checkpoints on roads, and against the Government decree No. 36-CP on traffic safety.

This erroneous act was carried out under the pretext of checking and collecting export-import taxes and suppressing smuggling. To date, no regulations have been formulated to deal with officials who engage in this illegal act.

The Government's directive on abrogation of checkpoints is aimed at ensuring a smooth transportation of goods throughout the country, thereby contributing to stabilizing commodities prices. Various agencies and sectors concerned should strive to seriously implement this directive.

Australia

Australian Opposition Spokesman on Foreign Policy

*LD0801114296 Melbourne Radio Australia
in English 1000 GMT 8 Jan 96*

[FBIS Transcribed Text] The federal opposition in Australia says that in government it would not pursue closer ties with Asia at the expense of Australia's relationships with the United States and Europe. The opposition spokesman on foreign affairs, Alexander Downer, says it would be foolish to lead Australia into becoming what he called little more than a small player at the bottom of southeast Asia.

In a speech in Canberra, Mr. Downer said Australia shared important characteristics with the Western world and countries with common values and perspectives often worked together very successfully in international forums. However, he said Australia's proximity to, and important trade relationships with, Asia also made it unlike any other Western country.

Mr. Downer rejected the description of Australia as a middle power and instead he suggested the nation should consider itself a pivotal power and a crucial link in international affairs. He said the foreign policy of a coalition government of the Liberal and National parties would be characterized by what he called enlightened realism. Mr. Downer said the Liberal Party had an unswerving commitment to democracy, economic liberalism, and human decency and rights, but it was realistic about how Australia's national interests could be advanced within that framework.

Australian Prime Minister Departs for Malaysia, Singapore

*BK1501075696 Melbourne Radio Australia
in English 0500 GMT 15 Jan 96*

[FBIS Transcribed Text] Singapore's prime minister, Goh Chok Tong, has reported to have given qualified support to Australia joining the Association of Southeast Asian Nations, ASEAN. In an interview with THE AUSTRALIAN FINANCIAL REVIEW newspaper, Mr. Goh said Australian membership of ASEAN was an idea which was thinkable and should be debated. Mr. Goh said he saw Australia playing an important role in ASEAN and would like to encourage Australia to do so.

The Singapore leader's remarks are seen as a significant departure from those of its ASEAN colleagues — notably Malaysia's prime minister, Mahathir Mohamed, who has discounted Australian membership of ASEAN.

Meanwhile, Australia's prime minister, Paul Keating, says the country's relationship with its neighbors has never been better. Mr. Keating has left Canberra for a two-day visit to Malaysia and Singapore, during which he will be canvassing a range of regional issues such as trade liberalization. The prime minister will be attempting to improve Australia's often strained relationship with Malaysia when he holds talks with Malaysia's leader, Dr. Mahathir. Mr. Keating says it's important Australia maintains good links with all countries in the Asia-Pacific region:

[Begin Keating recording] Well, I think it's important we (re)consolidate our relationship with all the countries of ASEAN and, I mean, the APEC [Asia-Pacific Economic Cooperation] region. I think we have been doing that. I don't think our relationships in the area has been any better. [end recording]

New Zealand

New Zealand Protests to Indonesia Over Embassy Scuffle

*LD1801104296 Melbourne Radio Australia
in English 0900 GMT 18 Jan 96*

[FBIS Translated Text] New Zealand says it has lodged a formal protest with the Indonesian government over a scuffle in its embassy grounds in Jakarta last week between an Indonesian military guard and five East Timorese youths. A spokeswoman for New Zealand Foreign Minister Don McKinnon said the guard had followed the five East Timorese after they climbed over the wall into the embassy compound. She said in the brief scuffle which followed one of the youths received a head injury which required medical treatment. The spokeswoman said the guard had left the embassy grounds when ordered to do so by embassy staff. She said New Zealand had told Indonesia that the guard's actions had been quite unacceptable. The five youths have since flown to Portugal, where they have been granted political asylum.

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